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# COMPILATION

OF

Soil Conservation and Domestic Allotment Act,  
as Amended, Agricultural Adjustment Act of  
1938, as Amended, Federal Crop Insurance  
Act, as Amended, Sugar Act of 1937,  
Appropriation Items Relating Thereto,  
and Miscellaneous Laws

AS OF THE CLOSE OF THE SECOND SESSION  
OF THE SEVENTY-SIXTH CONGRESS  
NOVEMBER 3, 1939



COMPILED UNDER THE DIRECTION  
OF THE SOLICITOR

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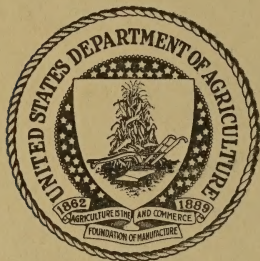
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UNITED STATES GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1940

## PREFATORY NOTE

Throughout this compilation, light-faced type is used to indicate the law as originally enacted, and italics are used to indicate amendments to the original text.

In the case of the Soil Conservation and Domestic Allotment Act, the law as originally enacted is considered, for the purposes of this compilation, to be the act entitled, "An act to provide for the protection of land resources against soil erosion, and for other purposes", Public, No. 46, Seventy-fourth Congress, approved April 27, 1935, as amended by section 1 of the act entitled "An act to promote the conservation and profitable use of agricultural land resources by temporary Federal aid to farmers and by providing for a permanent Federal aid to States for such purposes", Public, No. 461, Seventy-fourth Congress, approved February 29, 1936.

Footnotes are used to indicate the source of the text.

In the compilation of the Agricultural Adjustment Act of 1938, contained in Part II of this compilation, Titles I and V of that act are omitted. As explained in the footnotes to the text, a compilation of Title I is omitted because that title contains only amendments to the Soil Conservation and Domestic Allotment Act, and these amendments are shown in the compilation of the Soil Conservation and Domestic Allotment Act, as amended, contained in Part I of this compilation, and Title V is omitted because that title deals only with the Federal Crop Insurance Act, as amended, which is shown in full in Part III of this compilation.



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## PART I

# SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT, AS AMENDED <sup>1</sup>

### AN ACT

To provide for the protection of land resources against soil erosion, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That it is hereby recognized that the wastage of soil and moisture resources on farm, grazing, and forest lands of the Nation, resulting from soil erosion, is a menace to the national welfare and that it is hereby declared to be the policy of Congress to provide permanently for the control and prevention of soil erosion and thereby to preserve natural resources, control floods, prevent impairment of reservoirs, and maintain the navigability of rivers and harbors, protect public health, public lands and relieve unemployment, and the Secretary of Agriculture, from now on, shall coordinate and direct all activities with relation to soil erosion and in order to effectuate this policy is hereby authorized from time to time—

(1) To conduct surveys, investigations, and research relating to the character of soil erosion and the preventive measures needed, to publish the results of any such surveys, investigations, or research, to disseminate information concerning such methods, and to conduct demonstrational projects in areas subject to erosion by wind or water;

(2) To carry out preventive measures, including, but not limited to, engineering operations, methods of cultivation, the growing of vegetation, and changes in use of land;

(3) To cooperate or enter into agreements with, or to furnish financial or other aid to, any agency, governmental or otherwise, or any person, subject to such conditions as he may deem necessary, for the purposes of this Act; and

(4) To acquire lands, or rights or interests therein, by purchase, gift, condemnation, or otherwise, whenever necessary for the purposes of this Act.

SEC. 2. The acts authorized in section 1 (1) and (2) may be performed—

(a) On lands owned or controlled by the United States or any of its agencies, with the cooperation of the agency having jurisdiction thereof; and

<sup>1</sup> Sec. 1 through 6 constituted the act of April 27, 1935, Public, No. 46, 74th Cong., 49 Stat. 163, Title 16, U. S. C., sec. 590a to 590f; sec. 7 through 17 were added by sec. 1 of the act entitled "An act to promote the conservation and profitable use of agricultural land resources by temporary Federal aid to farmers and by providing for a permanent policy of Federal aid to States for such purposes", approved February 29, 1936, Public, No. 461, 74th Cong., 49 Stat. 1148, Title 16, U. S. C., secs. 590g to 590q.

(b) On any other lands, upon obtaining proper consent or the necessary rights or interests in such lands.

SEC. 3. As a condition to the extending of any benefits under this Act to any lands not owned or controlled by the United States or any of its agencies, the Secretary of Agriculture may, insofar as he may deem necessary for the purposes of this Act, require—

(1) The enactment and reasonable safeguards for the enforcement of State and local laws imposing suitable permanent restrictions on the use of such lands and otherwise providing for the prevention of soil erosion;

(2) Agreements or covenants as to the permanent use of such lands; and

(3) Contributions in money, services, materials, or otherwise, to any operations conferring such benefits.

SEC. 4. For the purposes of this Act, the Secretary of Agriculture may—

(1) Secure the cooperation of any governmental agency;

(2) Subject to the provisions of the civil-service laws and the Classification Act of 1923, as amended, appoint and fix the compensation of such officers and employees as he may deem necessary, except for a period not to exceed eight months from the date of this enactment, the Secretary of Agriculture may make appointments and may continue employees of the organization heretofore established for the purpose of administering those provisions of the National Industrial Recovery Act which relate to the prevention of soil erosion, without regard to the civil-service laws or regulations and the Classification Act, as amended; and any persons with technical or practical knowledge may be employed and compensated under this Act on a basis to be determined by the Civil Service Commission; and

(3) Make expenditures for personal services and rent in the District of Columbia and elsewhere, for the purchase of law books and books of reference, for printing and binding, for the purchase, operation, and maintenance of passenger-carrying vehicles, and perform such acts, and prescribe such regulations, as he may deem proper to carry out the provisions of this Act.

SEC. 5. The Secretary of Agriculture shall establish an agency to be known as the "Soil Conservation Service", to exercise the powers conferred on him by this Act and may utilize the organization heretofore established for the purpose of administering those provisions of sections 202 and 203 of the National Industrial Recovery Act which relate to the prevention of soil erosion, together with such personnel thereof as the Secretary of Agriculture may determine, and all unexpended balances of funds heretofore allotted to said organization shall be available until June 30, 1937, and the Secretary of Agriculture shall assume all obligations incurred by said organization prior to transfer to the Department of Agriculture. Funds provided in H. J. Res. 117, "An Act making appropriation for relief purposes" (for soil erosion) shall be available for expenditure under the provisions of this Act; and in order that there may be proper coordination of erosion-control activities the Secretary of Agriculture may transfer to the agency created under this Act such functions, funds, personnel, and the property of other agencies in the Department of Agriculture as he may from time to time determine.



SEC. 6. There are hereby authorized to be appropriated for the purposes of this Act such sums as Congress may from time to time determine to be necessary.

SEC. 7. (a) It is hereby declared to be the policy of this Act also to secure, and the purposes of this Act shall also include, (1) preservation and improvement of soil fertility; (2) promotion of the economic use and conservation of land; (3) diminution of exploitation and wasteful and unscientific use of national soil resources; (4) the protection of rivers and harbors against the results of soil erosion in aid of maintaining the navigability of waters and water courses and in aid of flood control; and (5) reestablishment, at as rapid a rate as the Secretary of Agriculture determines to be practicable and in the general public interest, of the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the five-year period August 1909–July 1914, inclusive, as determined from statistics available in the United States Department of Agriculture, and the maintenance of such ratio. The powers conferred under sections 7 to 14, inclusive, of this Act shall be used to assist voluntary action calculated to effectuate the purposes specified in this section. Such powers shall not be used to discourage the production of supplies of foods and fibers sufficient to maintain normal domestic human consumption as determined by the Secretary from the records of domestic human consumption in the years 1920 to 1929, inclusive, taking into consideration increased population, quantities of any commodity that were forced into domestic consumption by decline in exports during such period, current trends in domestic consumption and exports of particular commodities, and the quantities of substitutes available for domestic consumption within any general class of food commodities. In carrying out the purposes of this section due regard shall be given to the maintenance of a continuous and stable supply of agricultural commodities adequate to meet consumer demand at prices fair to both producers and consumers.

(b) The Secretary of Agriculture shall cooperate with States, in the execution of State plans to effectuate the purposes of this section, by making grants under this section to enable them to carry out such plans.

(c) Any State which submits to the Secretary, prior to such time and in such manner and form as the Secretary prescribes, a State plan to effectuate the purposes of this section shall be entitled to payments, as provided in this section, for the year to which such plan is applicable, if such plan is approved by the Secretary as provided in this section.

(d) No such plan shall be approved unless by its terms:

(1) It provides that the agency to administer the plan shall be such State agency as may be designated by the Secretary if such agency is authorized by the State, or such other State agency as is authorized by the State and approved by the Secretary;

(2) It provides for such methods of administration, and such participation in the administration of the plan by county and community committees or associations of agricultural producers organized for such purpose, as the Secretary finds necessary for the effective administration of the plan; and

(3) It provides for the submission to the Secretary of such reports as he finds necessary to ascertain whether the plan is being carried out according to its terms, and for compliance with such requirements as the Secretary may prescribe to assure the correctness of and make possible the verification of such reports.

(e) Such plan shall be approved if the Secretary finds that there is a reasonable prospect that—

(1) Substantial accomplishment in effectuating the purposes of this section will be brought about through the operation of such plan and the plans submitted by other States, and

(2) The operation of such plan will result in as substantial a furtherance of such accomplishment as may reasonably be achieved through the action of such State.

(f) Upon approval of any State plan for any year the Secretary shall allocate to such State such sum (not in excess of the maximum amount fixed in pursuance of subsection (g) for such State for such year) as he finds necessary to carry out such plan for such year, and thereupon shall certify to the Secretary of the Treasury for payment to such agency of the State as the Secretary of Agriculture certifies is designated in the plan, and the Secretary of the Treasury shall pay to such agency, one-fourth of the amount so allocated. The remainder of the amount so allocated shall be similarly certified and paid in such installments (payable prior to the end of the calendar year) as may be provided in the plan. No such installment shall be certified for payment if the Secretary of Agriculture finds that, prior to the due date of such installment, there has been a substantial failure by the State to carry out the plan according to its terms, or that the further operation of the plan according to its terms will not tend to effectuate the purposes of this section. No amount shall be certified for payment under any such installment in excess of the amount the Secretary finds necessary for the effective carrying out of the plan during the period to which the installment relates.

(g) On or before November 1 of each year, the Secretary shall apportion among the several States the funds which will be available for carrying out State plans during the next calendar year, and in determining the amount to be apportioned to each State, the Secretary shall take into consideration the acreage and value of the major soil depleting and major export crops produced in the respective States during a representative period and the acreage and productivity of land devoted to agricultural production (including dairy products) in the respective States during a representative period: *Provided, however, That any such apportionment of funds available for carrying out State plans during any year prior to 1942 may be made at any time prior to or during the year to which such plans relate.*<sup>2</sup> Notwithstanding the making of an apportionment to any State for any calendar year, the funds apportioned to any State for which no plan has been approved for such year, and any amount apportioned to any State which is not required to carry out an approved plan for

<sup>2</sup> The italicized words were substituted by sec. 1 (b) of Public, No. 170, 75th Cong., approved June 28, 1937, 50 Stat. 329, Title 16, U. S. C., sec. 590g, in lieu of the words, "apportionments of funds available for carrying out the purposes specified in this section for the year 1936 may be made at any time during 1936, and apportionments for 1937 may be made at any time during 1937."



such State for such year, shall be available for carrying out the provisions of sections 7 to 14, inclusive, of this Act.

SEC. 8. (a) In order to carry out the purposes specified in section 7 (a) during the period necessary to afford a reasonable opportunity for legislative action by a sufficient number of States to assure the effectuation of such purposes by State action and in order to promote the more effective accomplishment of such purposes by State action thereafter, the Secretary shall exercise the powers conferred in this section during the period prior to *January 1, 1942*,<sup>3</sup> except with respect to farming operations commenced in any State after the effective date of a State plan for such State approved pursuant to section 7. No such powers shall be exercised after *December 31, 1941*,<sup>4</sup> except with respect to payments or grants in connection with farming operations carried out prior to *January 1, 1942*.<sup>3</sup>

(b) *Subject to the limitations provided in subsection (a) of this section, the Secretary shall have power to carry out the purposes specified in clauses (1), (2), (3), (4), and (5) of section 7 (a) by making payments or grants of other aid to agricultural producers, including tenants and sharecroppers, in amounts determined by the Secretary to be fair and reasonable in connection with the effectuation of such purposes during the year with respect to which such payments or grants are made, and measured by (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, or the prevention of erosion; (2) changes in the use of their land; (3) their equitable share, as determined by the Secretary, of the normal national production of any commodity or commodities required for domestic consumption; or (4) their equitable share, as determined by the Secretary, of the national production of any commodity or commodities required for domestic consumption and exports adjusted to reflect the extent to which their utilization of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7 (a); or (5) any combination of the above. In arid or semiarid sections, (1) and (2) above shall be construed to cover water conservation and the beneficial use of water on individual farms, including measures to prevent run-off, the building of check dams and ponds, and providing facilities for applying water to the land. In determining the amount of any payment or grant measured by (1) or (2) the Secretary shall take into consideration the productivity of the land affected by the farming practices adopted during the year with respect to which such payment is made. In carrying out the provisions of this section in the continental United States, the Secretary is directed to utilize the services of local and State committees selected as hereinafter provided. The Secretary shall designate local administrative areas as units for administration of programs under this section. No such local area shall include more than one county or parts of different counties. Farmers within any such local administrative area, and participating or cooperating in programs administered within such area, shall elect annually from among their number a local com-*

<sup>3</sup> The italicized words were substituted by sec. 1 (a) of Public, No. 170, 75th Cong., approved June 28, 1937, 50 Stat. 329, Title 16 U. S. C., sec. 590h, in lieu of the expression "January 1, 1938".

<sup>4</sup> The italicized words were substituted by sec. 1 (a) of Public, No. 170, 75th Cong., approved June 28, 1937, in lieu of the expression "December 31, 1937".

mittee of not more than three members for such area and shall also elect annually from among their number a delegate to a county convention for the election of a county committee. The delegates from the various local areas in the county shall, in a county convention, elect, annually, the county committee for the county which shall consist of three members who are farmers in the county. The local committee shall select a secretary and may utilize the county agricultural extension agent for such purpose. The county committee shall select a secretary who may be the county agricultural extension agent. If such county agricultural extension agent shall not have been elected secretary of such committee, he shall be *ex officio* a member of the county committee. The county agricultural extension agent shall not have the power to vote. In any county in which there is only one local committee the local committee shall also be the county committee. In each State there shall be a State committee for the State composed of not less than three or more than five farmers who are legal residents of the State and who are appointed by the Secretary. The State director of the Agricultural Extension Service shall be *ex officio* a member of such State committee. The *ex officio* members of the county and State committees shall be in addition to the number of members of such committees hereinbefore specified. The Secretary shall make such regulations as are necessary relating to the selection and exercise of the functions of the respective committees, and to the administration, through such committees, of such programs. In carrying out the provisions of this section, the Secretary—shall, as far as practicable, protect the interests of tenants and sharecroppers; is authorized to utilize the agricultural extension service and other approved agencies; shall accord such recognition and encouragement to producer-owned and producer-controlled cooperative associations as will be in harmony with the policy toward cooperative associations set forth in existing Acts of Congress and as will tend to promote efficient methods of marketing and distribution; shall not have power to acquire any land or any right or interest therein; shall, in every practicable manner, protect the interests of small producers; and shall in every practical way encourage and provide for soil-conserving and soil-rebuilding practices rather than the growing of soil-depleting crops. Rules and regulations governing payments or grants under this subsection shall be as simple and direct as possible, and, wherever practicable, they shall be classified on two bases: (a) Soil-depleting crops and practices, (b) soil-building crops and practices.<sup>5</sup>

<sup>5</sup> This italicized subsection was substituted by sec. 101 of the Agricultural Adjustment Act of 1938 in lieu of the following:

"(b) Subject to the limitations provided in subsection (a) of this section, the Secretary shall have power to carry out the purposes specified in clauses (1), (2), (3), and (4) of section 7 (a) by making payments or grants of other aid to agricultural producers, including tenants and sharecroppers, in amounts, determined by the Secretary to be fair and reasonable in connection with the effectuation of such purposes during the year with respect to which such payments or grants are made, and measured by, (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, or the prevention of erosion, (2) changes in the use of their land, (3) a percentage of their normal production of any one or more agricultural commodities designated by the Secretary which equals that percentage of the normal national production of such commodity or commodities required for domestic consumption, or (4) any combination of the above. In determining the amount of any payment or grant measured by (1) or (2) the Secretary shall take into consideration the productivity of the land affected by the farming practices adopted during the year with respect to which such payment is made. In carrying out the provisions of this section, the Secretary shall, as far as practicable, protect the interests of tenants and sharecroppers. In carrying out the provisions of this section,

(c) (1) *In apportioning acreage allotments under this section in the case of wheat and corn, the National and State allotments and the allotments to counties shall be apportioned annually on the basis of the acreage seeded for the production of the commodity during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during the applicable period.*

(2) *In the case of wheat, the allotment to any county shall be apportioned annually by the Secretary, through the local committees, among the farms within such county on the basis of tillable acres, crop-rotation practices, type of soil, and topography. Not more than 3 per centum of such county allotment shall be apportioned to farms on which wheat has not been planted during any of the three marketing years immediately preceding the marketing year in which the allotment is made.*

(3) *In the case of corn, the allotment to any county shall be apportioned annually by the Secretary, through the local committees, among the farms within such county on the basis of tillable acreage, type of soil, topography, and crop-rotation practices.*

<sup>(6)</sup>  
(5) *In determining normal yield per acre for any county<sup>7</sup> under this section in the case of wheat or corn, the normal yield shall be the average yield per acre therein<sup>8</sup> for such commodity during the ten calendar years immediately preceding the calendar year in which such yield is determined, adjusted for abnormal weather conditions and trends in yields. If for any reason there is no actual yield, or the data therefor are not available for any year, then an appraised yield for such year, determined in accordance with regulations of the Secretary, shall be used. If, on account of drought, flood, insect*

the Secretary is authorized to utilize county and community committees of agricultural producers and the agricultural extension service, or other approved agencies. In carrying out the provisions of this section, the Secretary shall not have power to enter into any contract binding upon any producer or to acquire any land or any right or interest therein. In carrying out the provisions of this section, the Secretary shall, in every practicable manner, protect the interests of small producers. The Secretary in administering this section shall in every practical way encourage and provide for soil conserving and soil rebuilding practices rather than the growing of soil depleting commercial crops."

Sec. 105 of the Agricultural Adjustment Act of 1938, as amended by section 1 of the Act entitled "An Act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, provides as follows:

"Sec. 105. The amendments made by sections 101, 102, 103, and 104 shall first be effective with respect to farming operations carried out in the calendar year 1938. Notwithstanding such amendments, payments with respect to farming operations carried out in the calendar year 1938 and based upon any soil-depleting crop for which special acreage allotments are established shall be made at not less than 90 per centum of the rates announced by the Secretary prior to the enactment of this Act. Nothing contained herein shall require reconstituting, for 1938, any county or other local committee which has been constituted prior to February 1, 1938."

<sup>6</sup> Subsection (4) was repealed by the act entitled "An Act to repeal subsection (4) of subsection (c) of Section 101 of the Agricultural Adjustment Act of 1938", Public, No. 30, 76th Congress, approved April 10, 1939, 53 Stat. 573, Title — U. S. C., sec. —. Subsection (4) read as follows: "(4) Notwithstanding any other provision of this subsection, if, for any reason other than flood or drought, the acreage of wheat, cotton, corn, or rice planted on the farm is less than 80 per centum of the farm acreage allotment for such commodity for the purpose of payment, such farm acreage allotment shall be 25 per centum in excess of such planted acreage."

<sup>7</sup> The words "for any county" were substituted by sec. 16 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 204, Title 16 U. S. C., sec. 590h, in lieu of the words, "on any farm".

<sup>8</sup> The word "therein" was substituted by sec. 16 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 204, Title 16 U. S. C., sec. 590h, in lieu of the word "thereon".



pests, plant disease, or other uncontrollable natural cause, the yield in any year of such ten-year period is less than 75 per centum of the average (computed without regard to such year), such year shall be eliminated in calculating the normal yield per acre.

(6) In determining normal yield per acre for any farm under this section in the case of wheat or corn, the normal yield shall be the average yield per acre thereon for such commodity during the ten calendar years immediately preceding the calendar year in which such yield is determined, adjusted for abnormal weather conditions and trends in yields. If for any such year the data are not available, or there is no actual yield, then the normal yield for the farm shall be appraised in accordance with regulations of the Secretary, taking into consideration abnormal weather conditions, the normal yield for the county, and the yield in years for which data are available.<sup>9 10</sup>

(d) Any payment or grant of aid made under subsection (b) shall be conditioned upon the utilization of the land, with respect to which such payment is made, in conformity with farming practices which the Secretary finds tend to effectuate any one or more of the purposes specified in clause (1), (2), (3), (4), or (5) of section 7 (a).

Any payment made under subsection (b) with respect to any farm (except for lands which the Secretary determines should not be utilized for the harvesting of crops but should be permanently used for grazing purposes only) shall, if the number of cows kept on such farm, and in the county in which such farm is located, for the production of milk or products thereof (for market), exceeds the normal number of such cows, be further conditioned upon the utilization of the land, with respect to which such payment is made, so that soil-building and soil-conserving crops planted or produced on an acreage equal to the land normally used for the production of soil-depleting crops but, as a condition of such payment, not permitted to be so used, shall be used for the purpose of building and conserving the fertility of the soil, or for the production of agricultural commodities to be consumed on the farm, and not for market. Whenever it is determined that a county, as a whole, is in substantial compliance with the provisions of this paragraph, no payment shall be denied any individual farmer in the county by reason of this paragraph; and no payment shall be denied a farmer by reason of this paragraph unless it has been determined that the farmer has not substantially complied with the provisions of this paragraph. Whenever the Secretary finds that by reason of drought, flood, or other disaster, a shortage of feed exists in any area, he shall so declare, and to the extent and for the period he finds necessary to relieve such shortage, the operation of the condition provided in this paragraph shall be suspended in such area and, if necessary to relieve such shortage, in other areas defined by him. As used in this paragraph, the term "for market" means for disposi-

<sup>9</sup> This subdivision (6) of subsec. (c) was added by sec. 17 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 204, Title 16 U. S. C., sec. 590h.

<sup>10</sup> This subsec. (c) was substituted by sec. 101 of the Agricultural Adjustment Act of 1938 in lieu of the following:

"(c) Any payment or grant of aid made under subsection (b) shall be conditioned upon the utilization of the land, with respect to which such payment is made, in conformity with farming practices which the Secretary finds tend to effectuate the purposes specified in clause (1), (2), (3), or (4) of section 7 (a)."

For the effective date of this subsection reference is made to sec. 105 of the Agricultural Adjustment Act of 1938, as amended, set forth in full in footnote 5.

tion by sale, barter, or exchange, or by feeding (in any form) to dairy livestock which, or the products of which, are to be sold, bartered, or exchanged; and such term shall not include consumption on the farm. An agricultural commodity shall be deemed consumed on the farm if consumed by the farmer's family, employees, or household, or if fed to poultry or livestock other than dairy livestock on his farm; or if fed to dairy livestock on his farm and such dairy livestock, or the products thereof, are to be consumed by his family, employees, or household. Whenever the Secretary has reason to believe the income of producers of livestock (other than dairy cattle) or poultry in any area from such sources is being adversely affected by increases in the supply for market of such livestock or poultry, as the case may be, arising as a result of programs carried out under this Act, he shall make an investigation with respect to the existence of such facts. If, upon investigation, the Secretary finds that the income of producers of such livestock or poultry, as the case may be, in any area from any such source is being adversely affected by such increases, he shall, as soon as practicable, make such provisions in the administration of this Act with respect to the use of diverted acres as he may find necessary to protect the interests of producers of such livestock or poultry in the affected area.<sup>11</sup>

(e) Payments made by the Secretary to farmers under subsection (b) shall be divided among the landlords, tenants, and sharecroppers of any farm, with respect to which such payments are made, in the same proportion that such landlords, tenants, and sharecroppers are entitled to share in the proceeds of the agricultural commodity with respect to which such payments are made, except that payments based on soil-building or soil-conserving practices shall be divided in proportion to the extent which such landlords, tenants, and sharecroppers contribute to the carrying out of such practices. Such payments shall be paid by the Secretary directly to the landlords, tenants, or sharecroppers entitled thereto, and shall be computed at rates which will permit the Secretary to set aside out of the funds available for the making of such payments for each year an amount sufficient to permit the increases herein specified to be made within the limits of the funds so available. If with respect to any farm the total payment to any person for any year would be:

(1) Not more than \$20, the payment shall be increased by 40 per centum;

(2) More than \$20 but not more than \$40, the payment shall be increased by \$8, plus 20 per centum of the excess over \$20;

(3) More than \$40 but not more than \$60, the payment shall be increased by \$12, plus 10 per centum of the excess over \$40;

(4) More than \$60 but not more than \$186, the payment shall be increased by \$14; or

(5) More than \$186 but less than \$200, the payment shall be increased to \$200.

In the case of payments of more than \$1, the amount of the payment which shall be used to calculate the 40-, 20-, and 10-per-centum in-

<sup>11</sup> This italicized subsection was added by sec. 101 of the Agricultural Adjustment Act of 1938. For the effective date of this italicized subsection reference is made to sec. 105 of the Agricultural Adjustment Act of 1938, as amended, set forth in full in footnote 5.

creases under clauses (1), (2), and (3) shall not include that part, if any, of the payment which is a fraction of a dollar.

Beginning with the calendar year 1939, no total payment for any year to any person under such subsection (b) shall exceed \$10,000. In the case of payments made to any individual, partnership, or estate on account of performance on farms in different States, Territories, or possessions, the \$10,000 limitation shall apply to the total of the payments for each State, Territory, or possession, for a year and not to the total of all such payments.<sup>12</sup>

(f) Any change between the landlord and the tenants or sharecroppers, with respect to any farm, that would increase over the previous year the amount of payments or grants of other aid under subsection (b) that would otherwise be made to any landlord shall not operate to increase such payment or grant to such landlord. Any reduction in the number of tenants below the average number of tenants on any farm during the preceding three years that would increase the payments or grants of other aid under such subsection that would otherwise be made to the landlord shall not hereafter operate to increase any such payment or grant to such landlord. Such limitations shall apply only if the county committee finds that the change or reduction is not justified and disapproves such change or reduction.<sup>13</sup>

(g) A payment which may be made to a farmer under this section, may be assigned, without discount, by him in writing as security for cash or advances to finance making a crop. Such assignment shall be signed by the farmer and witnessed by a member of the county or other local committee, or by the treasurer or the secretary of such committee, and filed with the county agent or the county committee. Such assignment shall include the statement that the assignment is not made to pay or secure any preexisting indebtedness.<sup>14</sup> This provision shall not authorize any suit against or impose any liability upon the Secretary or any disbursing agent if payment to the farmer is made without regard to the existence of any such assignment.<sup>15</sup>

SEC. 9. The Secretary is authorized to conduct surveys, investigations, and research relating to the conditions and factors affecting, and methods of accomplishing most effectively, the policy and purposes of section 7 (a). Notwithstanding any provision of existing law, the Secretary is authorized to make public such information as he deems necessary to carry out the provisions of this Act. The Secretary shall transmit to the Congress a report, for the fiscal year ending June 30, 1937, and for each fiscal year thereafter, of the operations for such year under sections 7 to 14, inclusive, of this Act, which

<sup>12</sup> This italicized subsection was added by sec. 102 of the Agricultural Adjustment Act of 1938. For the effective date of this subsection reference is made to sec. 105 of the Agricultural Adjustment Act of 1938, as amended, set forth in full in footnote 5.

<sup>13</sup> This italicized subsection was added by sec. 103 of the Agricultural Adjustment Act of 1938. For the effective date of this italicized subsection reference is made to sec. 105 of the Agricultural Adjustment Act of 1938, as amended, set forth in full in footnote 5.

<sup>14</sup> The second and third sentences of subsection (g) were substituted by sec. 18 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 204, Title 16 U. S. C., sec. 590h, in lieu of the following: "Such assignment shall be acknowledged by the farmer before the county agricultural extension agent and filed with such agent. The farmer shall file with such county agricultural extension agent an affidavit stating that the assignment is not made to pay or secure any preexisting indebtedness."

<sup>15</sup> This italicized subsection was added by sec. 103 of the Agricultural Adjustment Act of 1938. For the effective date of this italicized subsection reference is made to sec. 105 of the Agricultural Adjustment Act of 1938, as amended, set forth in full in footnote 5.



*report shall include a statement of the expenditures made and obligations incurred, by classes and amounts.*<sup>16</sup>

SEC. 10. The term "agricultural commodity" as used in this Act means any such commodity and any regional or market classification, type or grade thereof.

SEC. 11. All funds available for carrying out this Act shall be available for allotment to the bureaus and offices of the Department of Agriculture and for transfer to such other agencies of the Federal or State Governments as the Secretary may request to cooperate or assist in carrying out this Act *And*<sup>17</sup> *for payments to committees or associations of producers in any region or regions to cover the estimated administrative expenses to be incurred by any such committee or association in cooperating in carrying out this Act: Provided, That the Secretary may prescribe that all or part of such estimated expenses of any such committee or association may be deducted pro rata from the payments or grants made to the members thereof: And provided further, That the Secretary may make such payments in advance of determination of performance.*<sup>18</sup>

SEC. 12 (a)<sup>19</sup> Whenever the Secretary finds that the exercise of the powers conferred in this section will tend to carry out the purpose specified in clause (5) of section 7 (a), or will tend to provide for and maintain a continuous and stable supply of agricultural commodities adequate to meet consumer demand at prices fair to both producers and consumers, or both, he shall use such part as he deems necessary of the sums appropriated to carry out this Act for the expansion of domestic and foreign markets or for seeking new or additional markets for agricultural commodities or the products thereof or for the removal or disposition of surpluses of such commodities or the products thereof.

(b) *The Secretary is authorized to make advances to producers for the purpose of assisting them to insure their crops with the Federal Crop Insurance Corporation. The Secretary shall remit the amount of any such advances to a producer directly to such Corporation in payment of the premium on the insurance for which the producer has made application. Advances shall only be made to producers who are participating or who agree to participate in a program formulated pursuant to section 8. Except as otherwise provided in this subsection, the terms and conditions of such advances shall be fixed by the Secretary. The appropriation made in the Department of Agriculture Appropriation Act, fiscal year 1939, under the item entitled "Conservation and Use of Agricultural Land Resources, Department of Agriculture", shall be available during the fiscal year 1939 for advances authorized by this subsection.*<sup>19</sup>

SEC. 13. Notwithstanding the foregoing provisions of this Act, the Secretary is authorized and directed to provide for the execution by the Agricultural Adjustment Administration of such powers conferred upon him under sections 7 to 14, inclusive, of this Act as he

<sup>16</sup> The italicized words were added by sec. 2 of Public, No. 170, 75th Cong., approved June 28, 1937, 50 Stat. 329, Title 16 U. S. C., sec. 590i.

<sup>17</sup> So in original.

<sup>18</sup> The italicized words were added by Public Res. No. 131, 74th Cong., approved June 24, 1936, 49 Stat. 1915, Title 16 U. S. C., sec. 590k.

<sup>19</sup> This italicized matter was added by Public, No. 9, 76th Cong., approved March 25, 1939, 53 Stat. 550, Title — U. S. C., sec. —.

deems may be appropriately exercised by such Administration, and for such purposes the provisions of law applicable to the appointment and compensation of persons employed by the Agricultural Adjustment Administration shall apply.

SEC. 14. The facts constituting the bases for any payment or grant or the amount thereof authorized to be made under section 7 or 8 hereof, when officially determined in conformity with rules or regulations prescribed by the Secretary of Agriculture, shall be reviewable only by the Secretary of Agriculture.

SEC. 15. To enable the Secretary of Agriculture to carry out the purposes of sections 7 and 8 there is hereby authorized to be appropriated for any fiscal year not exceeding \$500,000,000.

*The funds available for payments (after allowing for estimated administrative expenses, and not to exceed 5 per centum for payments with respect to range lands, noncrop pasture lands, and naval stores) shall be allocated among the commodities produced with respect to which payments or grants are to be computed. In allocating funds among the commodities the Secretary shall take into consideration and give equal weight to (1) the average acreages planted to the various commodities (including rotation pasture), for the ten years 1928 to 1937, adjusted for abnormal weather and other conditions, including acreage diverted from production under the agricultural adjustment and soil conservation programs; (2) the value at parity prices of the production from the allotted acreages of the various commodities for the year with respect to which the payment is made; (3) the average acreage planted to the various commodities during the ten years 1928 to 1937, including the acreage diverted from production under the agricultural adjustment and soil conservation programs, in excess of the allotted acreage for the year with respect to which the payment is made; and (4) the value based on average prices for the preceding ten years of the production of the excess acreage determined under item (3). The rate of payment used in making payments to the producers of each commodity shall be such that the estimated payments with respect to such commodity shall equal the amount of funds allocated to such commodity as herein provided. For the purpose of allocating funds and computing payments or grants the Secretary is authorized to consider as a commodity a group of commodities or a regional or market classification of a commodity. For the purpose of computing payments or grants the Secretary is authorized to use funds allocated to two or more commodities produced on farms of a designated regional or other classification to compute payments with respect to one of such commodities on such farms, and to use funds, in an amount equal to the estimated payments which would be made in any county, for making payments pursuant to a special program under section 8 approved by the Secretary for such county: Provided, That farm acreage allotments shall be made for wheat in 1938, but in determining compliance wheat shall be considered in the group with other crops for which special acreage allotments are not made.*<sup>20</sup>

<sup>20</sup> The italicized words were added by sec. 104 of the Agricultural Adjustment Act of 1938. For the effective date of this italicized provision, reference is made to sec. 105 of the Agricultural Adjustment Act of 1938, as amended, set forth in full in footnote 5.

SEC. 16. The obligations incurred for the purpose of carrying out, for any calendar year, the provisions of sections 7 to 14, inclusive, of this Act shall not exceed \$500,000,000.

SEC. 17. (a) This Act shall apply to the United States, the Territories of Alaska and Hawaii, and the possession of Puerto Rico, and as used in this Act, the term "State" includes Alaska, Hawaii, and Puerto Rico.

(b) This Act may be cited as the "Soil Conservation and Domestic Allotment Act".



## PART II

### AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED <sup>1</sup>

#### AN ACT

To provide for the conservation of national soil resources and to provide an adequate and balanced flow of agricultural commodities in interstate and foreign commerce and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Adjustment Act of 1938".*

#### DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of Congress to continue the Soil Conservation and Domestic Allotment Act, as amended, for the purpose of conserving national resources, preventing the wasteful use of soil fertility, and of preserving, maintaining, and rebuilding the farm and ranch land resources in the national public interest; to accomplish these purposes through the encouragement of soil-building and soil-conserving crops and practices; to assist in the marketing of agricultural commodities for domestic consumption and for export; and to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide an orderly, adequate, and balanced flow of such commodities in interstate and foreign commerce through storage of reserve supplies, loans, marketing quotas, assisting farmers to obtain, insofar as practicable, parity prices for such commodities and parity of income, and assisting consumers to obtain an adequate and steady supply of such commodities at fair prices.

#### TITLE I—AMENDMENTS TO SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT <sup>2</sup>

#### TITLE II—ADJUSTMENT IN FREIGHT RATES, NEW USES AND MARKETS, AND DISPOSITION OF SURPLUSES

##### ADJUSTMENTS IN FREIGHT RATES FOR FARM PRODUCTS

SEC. 201. (a) The Secretary of Agriculture is authorized to make complaint to the Interstate Commerce Commission with respect to

<sup>1</sup> Public, No. 430, 75th Cong., approved February 16, 1938, 52 Stat. 31, Title 7 U. S. C., secs. 1281-1407.

<sup>2</sup> This title contains amendments to the Soil Conservation and Domestic Allotment Act, as amended. These amendments are set forth in the compilation of the Soil Conservation and Domestic Allotment Act, as amended, Part I of this document, and, therefore, the provisions of this title are omitted from the compilation of the Agricultural Adjustment Act of 1938, as amended, Part II of this document.

rates, charges, tariffs, and practices relating to the transportation of farm products, and to prosecute the same before the Commission. Before hearing or disposing of any complaint (filed by any person other than the Secretary) with respect to rates, charges, tariffs, and practices relating to the transportation of farm products, the Commission shall cause the Secretary to be notified, and, upon application by the Secretary, shall permit the Secretary to appear and be heard.

(b) If such rate, charge, tariff, or practice complained of is one affecting the public interest, upon application by the Secretary, the Commission shall make the Secretary a party to the proceeding. In such case the Secretary shall have the rights of a party before the Commission and the rights of a party to invoke and pursue original and appellate judicial proceedings involving the Commission's determination. The liability of the Secretary in any such case shall extend only to liability for court costs.

(c) For the purposes of this section, the Interstate Commerce Commission is authorized to avail itself of the cooperation, records, services, and facilities of the Department of Agriculture.

(d) The Secretary is authorized to cooperate with and assist cooperative associations of farmers making complaint to the Interstate Commerce Commission with respect to rates, charges, tariffs, and practices relating to the transportation of farm products.

#### NEW USES AND NEW MARKETS FOR FARM COMMODITIES

SEC. 202. (a) The Secretary is hereby authorized and directed to establish, equip, and maintain four regional research laboratories, one in each major farm producing area, and, at such laboratories, to conduct researches into and to develop new scientific, chemical, and technical uses and new and extended markets and outlets for farm commodities and products and byproducts thereof. Such research and development shall be devoted primarily to those farm commodities in which there are regular or seasonal surpluses, and their products and byproducts.

(b) For the purposes of subsection (a), the Secretary is authorized to acquire land and interests therein, and to accept in the name of the United States donations of any property, real or personal, to any laboratory established pursuant to this section, and to utilize voluntary or uncompensated services at such laboratories. Donations to any one of such laboratories shall not be available for use by any other of such laboratories.

(c) In carrying out the purposes of subsection (a), the Secretary is authorized and directed to cooperate with other departments or agencies of the Federal Government, States, State agricultural experiment stations, and other State agencies and institutions, counties, municipalities, business or other organizations, corporations, associations, universities, scientific societies, and individuals, upon such terms and conditions as he may prescribe.

(d) To carry out the purposes of subsection (a), the Secretary is authorized to utilize in each fiscal year, beginning with the fiscal year beginning July 1, 1938, a sum not to exceed \$4,000,000 of the funds appropriated pursuant to section 391 of this Act, or section 15 of the Soil Conservation and Domestic Allotment Act, as amended, for such

fiscal year. The Secretary shall allocate one-fourth of such sum annually to each of the four laboratories established pursuant to this section.

(e) The Secretary shall make a report to Congress at the beginning of each regular session of the activities of, expenditures by, and donations to the laboratories established pursuant to subsection (a).

(f) There is hereby allocated to the Secretary of Commerce for each fiscal year, beginning with the fiscal year beginning July 1, 1938, out of funds appropriated for such fiscal year pursuant to section 391 of this Act, or section 15 of the Soil Conservation and Domestic Allotment Act, as amended, the sum of \$1,000,000 to be expended for the promotion of the sale of farm commodities and products thereof in such manner as he shall direct. Of the sum allocated under this subsection to the Secretary of Commerce for the fiscal year beginning July 1, 1938, \$100,000 shall be devoted to making a survey and investigation of the cause or causes of the reduction in exports of agricultural commodities from the United States, in order to ascertain methods by which the sales in foreign countries of basic agricultural commodities produced in the United States may be increased.

(g) It shall be the duty of the Secretary to use available funds to stimulate and widen the use of all farm commodities in the United States and to increase in every practical way the flow of such commodities and the products thereof into the markets of the world.

SEC. 203. Section 32, as amended, of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935,<sup>3</sup> is amended by striking out "*: Provided further*", That no part of the funds appropriated by this section shall be used for the payment of benefits in connection with the exportation of unmanufactured<sup>4</sup> cotton", and is further amended by adding at the end thereof the following: "Notwithstanding any other provision of this section, the amount that may be devoted, during any fiscal year after June 30, 1939, to any one agricultural commodity or the products thereof in such fiscal year, shall not exceed 25 per centum of the funds available under this section for such fiscal year."

#### CONTINUATION OF FEDERAL SURPLUS COMMODITIES CORPORATION

SEC. 204. The Act entitled "An Act to extend the time for purchase and distribution of surplus agricultural commodities for relief purposes and to continue the Federal Surplus Commodities Corporation", approved June 28, 1937 (Public, Numbered 165, Seventy-fifth Congress),<sup>5</sup> is amended by striking out "continued, until June 30, 1939," and inserting in lieu thereof "continued, until June 30, 1942.". The Federal Surplus Commodities Corporation shall submit to Congress on the first day of each regular session an annual report setting forth a statement of the activities, receipts, and expenditures of the Corporation during the previous fiscal year.

<sup>3</sup> See page 97 for compilation of this section 32.

<sup>4</sup> So in original.

<sup>5</sup> See page 98 for compilation of this act of June 28, 1937.



# TITLE III—LOANS, PARITY PAYMENTS, CONSUMER SAFEGUARDS, AND MARKETING QUOTAS

## SUBTITLE A—DEFINITIONS, LOANS, PARITY PAYMENTS, AND CONSUMER SAFEGUARDS

### DEFINITIONS

SEC. 301. (a) GENERAL DEFINITIONS.—For the purposes of this title and the declaration of policy—

(1) "Parity", as applied to prices for any agricultural commodity, shall be that price for the commodity which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period; and, in the case of all commodities for which the base period is the period August 1909 to July 1914, which will also reflect current interest payments per acre on farm indebtedness secured by real estate, tax payments per acre on farm real estate, and freight rates, as contrasted with such interest payments, tax payments, and freight rates during the base period. The base period in the case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914, and, in the case of tobacco, shall be the period August 1919 to July 1929.

(2) "Parity", as applied to income, shall be that per capita net income of individuals on farms from farming operations that bears to the per capita net income of individuals not on farms the same relation as prevailed during the period from August 1909 to July 1914.

(3) The term "interstate and foreign commerce" means sale, marketing, trade, and traffic between any State or Territory or the District of Columbia or Puerto Rico, and any place outside thereof; or between points within the same State or Territory or within the District of Columbia or Puerto Rico, through any place outside thereof; or within any Territory or within the District of Columbia or Puerto Rico.

(4) The term "affect interstate and foreign commerce" means, among other things, in such commerce, or to burden or obstruct such commerce or the free and orderly flow thereof; or to create or tend to create a surplus of any agricultural commodity which burdens or obstructs such commerce or the free and orderly flow thereof.

(5) The term "United States" means the several States and Territories and the District of Columbia and Puerto Rico.

(6) The term "State" includes a Territory and the District of Columbia and Puerto Rico.

(7) The term "Secretary" means the Secretary of Agriculture, and the term "Department" means the Department of Agriculture.

(8) The term "person" means an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or any agency of a State.

(9) The term "corn" means field corn.

(b) DEFINITIONS APPLICABLE TO ONE OR MORE COMMODITIES.—For the purposes of this title—

(1) (A) "Actual production" as applied to any acreage of corn means the number of bushels of corn which the local committee determines would be harvested as grain from such acreage if all the corn

on such acreage were so harvested. In case of a disagreement between the farmer and the local committee as to the actual production of the acreage of corn on the farm, or in case the local committee determines that such actual production is substantially below normal, the local committee, in accordance with regulations of the Secretary, shall weigh representative samples of ear corn taken from the acreage involved, make proper deductions for moisture content, and determine the actual production of such acreage on the basis of such samples.

(B) "Actual production" of any number of acres of cotton on a farm means the actual average yield for the farm times such number of acres.

(2) "Bushel" means in the case of ear corn that amount of ear corn, including not to exceed  $15\frac{1}{2}$  per centum of moisture content, which weighs seventy pounds, and in the case of shelled corn, means that amount of shelled corn including not to exceed  $15\frac{1}{2}$  per centum of moisture content, which weighs fifty-six pounds.

(3) (A) "Carry-over", in the case of corn and rice, for any marketing year shall be the quantity of the commodity on hand in the United States at the beginning of such marketing year, which was produced in the United States prior to the beginning of the calendar year then current.

(B) "Carry-over" of cotton for any marketing year shall be the quantity of cotton on hand either within or without the United States at the beginning of such marketing year, which was produced in the United States prior to the beginning of the calendar year then current.

(C) "Carry-over" of tobacco for any marketing year shall be the quantity of such tobacco on hand in the United States at the beginning of such marketing year, which was produced in the United States prior to the beginning of the calendar year then current, except that in the case of cigar-filler and cigar-binder tobacco the quantity of type 46 on hand and theretofore produced in the United States during such calendar year shall also be included.

(D) "Carry-over" of wheat, for any marketing year shall be the quantity of wheat on hand in the United States at the beginning of such marketing year, not including any wheat which was produced in the United States during the calendar year then current, and not including any wheat held by the Federal Crop Insurance Corporation under Title V.<sup>6</sup>

(4) (A) "Commercial corn-producing area" shall include all counties in which the average production of corn (excluding corn used as silage) during the ten calendar years immediately preceding the calendar year for which such area is determined, after adjustment for abnormal weather conditions, is four hundred and fifty bushels or more per farm and four bushels or more for each acre of farm land in the county.

(B) Whenever prior to February 1 of any calendar year the Secretary has reason to believe that any county which is not included in the commercial corn-producing area determined pursuant to the provisions of subparagraph (A), but which borders upon one of the

<sup>6</sup> See page 62 for compilation of Federal Crop Insurance Act.

counties in such area, or that any minor civil division in a county bordering on such area, is producing (excluding corn used for silage) an average of at least four hundred and fifty bushels of corn per farm and an average of at least four bushels for each acre of farm land in the county or in the minor civil division, as the case may be, he shall cause immediate investigation to be made to determine such fact. If, upon the basis of such investigation, the Secretary finds that such county or minor civil division is likely to produce corn in such average amounts during such calendar year, he shall proclaim such determination, and, commencing with such calendar year, such county shall be included in the commercial corn-producing area. In the case of a county included in the commercial corn-producing area pursuant to this subparagraph, whenever prior to February 1 of any calendar year the Secretary has reason to believe that facts justifying the inclusion of such county are not likely to exist in such calendar year, he shall cause an immediate investigation to be made with respect thereto. If, upon the basis of such investigation, the Secretary finds that such facts are not likely to exist in such calendar year, he shall proclaim such determination, and commencing with such calendar year, such county shall be excluded from the commercial corn-producing area.

(5) "Farm consumption" of corn means consumption by the farmer's family, employees, or household, or by his work stock; or consumption by poultry or livestock on his farm if such poultry or livestock, or the products thereof, are consumed or to be consumed by the farmer's family, employees, or household.

(6) (A) "Market", in the case of cotton, wheat, and tobacco, means to dispose of by sale, barter, or exchange, but, in the case of wheat, does not include disposing of wheat as premium to the Federal Crop Insurance Corporation under Title V.<sup>7</sup>

(B) "Market", in the case of corn, means to dispose of by sale, barter, or exchange, or by feeding (in any form) to poultry or livestock which, or the products of which, are sold, bartered, or exchanged, or to be so disposed of.

(C) "Market", in the case of rice, means to dispose of by sale, barter, or exchange of rice used or to be used for human consumption.

(D) "Marketed", "marketing", and "for market" shall have corresponding meanings to the term "market" in the connection in which they are used.

(7) "Marketing year" means, in the case of the following commodities, the period beginning on the first and ending with the second date specified below:

Corn, October 1-September 30;

Cotton, August 1-July 31;

Rice, August 1-July 31;

Tobacco (flue-cured), July 1-June 30;

Tobacco (other than flue-cured), October 1-September 30;

Wheat, July 1-June 30.

(8) "National average yield" as applied to cotton or wheat shall be the national average yield per acre of the commodity during the ten calendar years in the case of wheat, and during the five calendar

<sup>7</sup> See footnote 6, page 18.



years in the case of cotton, preceding the year in which such national average yield is used in any computation authorized in this title, adjusted for abnormal weather conditions and, in the case of wheat, but not in the case of cotton, for trends in yields.

(9) "Normal production" as applied to any number of acres of corn, cotton, or wheat means the normal yield for the farm times such number of acres.

(10) (A) "Normal supply" in the case of corn, cotton, rice, and wheat shall be a normal year's domestic consumption and exports of the commodity, plus 7 per centum in the case of corn, 40 per centum in the case of cotton, 10 per centum in the case of rice, and 15 per centum in the case of wheat, of a normal year's domestic consumption and exports, as an allowance for a normal carry-over.

(B) The "normal supply" of tobacco shall be a normal year's domestic consumption and exports plus 175 per centum of a normal year's domestic consumption and 65 per centum of a normal year's exports as an allowance for a normal carry-over.

(11) (A) "Normal year's domestic consumption", in the case of corn and wheat, shall be the yearly average quantity of the commodity, wherever produced, that was consumed<sup>8</sup> in the United States during the ten marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

(B) "Normal year's domestic consumption", in the case of cotton and tobacco, shall be the yearly average quantity of the commodity produced in the United States that was consumed in the United States during the ten marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

(C) "Normal year's domestic consumption", in the case of rice, shall be the yearly average quantity of rice produced in the United States that was consumed in the United States during the five marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

(12) "Normal year's exports" in the case of corn, cotton, rice, tobacco, and wheat shall be the yearly average quantity of the commodity produced in the United States that was exported from the United States during the ten marketing years (or, in the case of rice, the five marketing years) immediately preceding the marketing year in which such exports are determined, adjusted for current trends in such exports.

(13) (A) "Normal yield" for any *county*,<sup>9</sup> in the case of corn, shall be the average yield per acre of corn for the *county*<sup>9</sup> during the ten calendar years immediately preceding the year in which such normal yield is used in computing any farm marketing quota or adjustment thereof, adjusted for abnormal weather conditions and trends in yields.

<sup>8</sup> So in original.

<sup>9</sup> The italicized word was substituted by sec. 2 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 204, Title 7 U. S. C., sec. 1301, in lieu of the word "farm".

(B) "Normal yield" for any *county*,<sup>10</sup> in the case of wheat or cotton, shall be the average yield per acre of wheat or cotton for the *county*<sup>10</sup> adjusted for abnormal weather conditions, and, in the case of wheat but not in the case of cotton, for trends in yields, during the ten calendar years in the case of wheat, and five calendar years in the case of cotton, immediately preceding the year with respect to which such normal yield is used in any computation authorized under this title.

(C) In applying subparagraph (A) or (B), if for any such year the data are not available, or there is no actual yield, an appraised yield for such year, determined in accordance with regulations issued by the Secretary, shall be used as the actual yield for such year. In applying such subparagraphs, if, on account of drought, flood, insect pests, plant disease, or other uncontrollable natural cause, the yield in any year of such ten-year period or five-year period, as the case may be, is less than 75 per centum of the average (computed without regard to such year) such year shall be eliminated in calculating the normal yield per acre.

(D) "Normal yield" per acre of rice for any land planted to rice in any year shall be the average yield per acre thereof during the five calendar years immediately preceding the calendar year for which such normal yield is determined. If, for any reason, there is no actual yield or the data therefor are not available for any year, then an appraised yield for such year, determined in accordance with the regulations of the Secretary, shall be used. If the average of the normal yields for all lands planted to rice in any year in the State (weighted by the acreage allotments therein) exceeds the average yield per acre for the State during the period used in determining normal yields, the normal yields for such lands in the State shall be reduced pro rata so that the average of such normal yields shall not exceed such State average yield.

(E) "*Normal yield*" for any *farm*, in the case of corn, wheat, or cotton, shall be the average yield per acre of corn, wheat, or cotton, as the case may be, for the farm, adjusted for abnormal weather conditions and, in the case of corn and wheat, but not in the case of cotton, for trends in yields, during the ten calendar years in the case of corn and wheat, and five calendar years in the case of cotton, immediately preceding the year with respect to which such normal yield is used in any computation authorized under this title. If for any such year the data are not available or there is no actual yield, then the normal yield for the farm shall be appraised in accordance with regulations of the Secretary, taking into consideration abnormal weather conditions, the normal yield for the county, and the yield in years for which data are available.<sup>11</sup>

(14) (A) "Reserve supply level", in the case of corn, shall be a normal year's domestic consumption and exports of corn plus 10 per centum of a normal year's domestic consumption and exports, to insure a supply adequate to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty.

<sup>10</sup> The italicized word was substituted by sec. 3 of the act approved April 7, 1938, in lieu of the word "farm". This act is cited in full in footnote 9, page 20.

<sup>11</sup> This paragraph (E) of subsec. (b) (13) was added by sec. 4 of the act approved April 7, 1938. This act is cited in full in footnote 9, page 20.

(B) "Reserve supply level" of tobacco shall be the normal supply plus 5 per centum thereof, to insure a supply adequate to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty.

(15) "Tobacco" means each one of the kinds of tobacco listed below comprising the types specified as classified in Service and Regulatory Announcement Numbered 118 of the Bureau of Agricultural Economics of the Department:

- Flue-cured tobacco, comprising types 11, 12, 13, and 14;
- Fire-cured and dark air-cured tobacco, comprising types 21, 22, 23, 24, 35, 36, and 37;
- Burley tobacco, comprising type 31;
- Maryland tobacco, comprising type 32;
- Cigar-filler and cigar-binder tobacco, comprising types 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55;
- Cigar-filler tobacco, comprising type 41.

The provisions of this title shall apply to each of such kinds of tobacco severally.

(16) (A) "Total supply" of corn, cotton, rice, and wheat for any marketing year shall be the carry-over of the commodity for such marketing year plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins.

(B) "Total supply" of tobacco for any marketing year shall be the carry-over at the beginning of such marketing year plus the estimated production thereof in the United States during the calendar year in which such marketing year begins, except that the estimated production of type 46 tobacco during the marketing year with respect to which the determination is being made shall be used in lieu of the estimated production of such type during the calendar year in which such marketing year begins in determining the total supply of cigar-filler and cigar-binder tobacco.

(c) The latest available statistics of the Federal Government shall be used by the Secretary in making the determinations required to be made by the Secretary under this Act.

#### LOANS ON AGRICULTURAL COMMODITIES

SEC. 302. (a) The Commodity Credit Corporation is authorized, upon recommendation of the Secretary and with the approval of the President, to make available loans on agricultural commodities (including dairy products). Except as otherwise provided in this section, the amount, terms, and conditions of such loans shall be fixed by the Secretary, subject to the approval of the Corporation and the President.

(b) The Corporation is directed to make available to cooperators loans upon wheat during any marketing year beginning in a calendar year in which the farm price of wheat on June 15 or at any time thereafter during such marketing year;<sup>12</sup> is below 52 per centum of the

<sup>12</sup> The italicized words and the semicolon were added by sec. 502 (a) of the Price Adjustment Act of 1938, Title V of Public Res. No. 122, 75th Cong., approved June 21, 1938, 52 Stat. 820, Title 7 U. S. C., sec. 1302.



parity price *at any such time*<sup>13</sup> or the July crop estimate for wheat is in excess of a normal year's domestic consumption and exports, at rates not less than 52 per centum and not more than 75 per centum of the parity price of wheat at the beginning of the marketing year. In case marketing quotas for wheat are in effect in any marketing year, the Corporation is directed to make available, during such marketing year, to noncooperators, loans upon wheat at 60 per centum of the rate applicable to cooperators. A loan on wheat to a noncooperator shall be made only on so much of his wheat as would be subject to penalty if marketed.

(c) The Corporation is directed to make available to cooperators loans upon cotton during any marketing year beginning in a calendar year in which the average price on August 1 *or at any time thereafter during such marketing year*<sup>14</sup> of seven-eighths Middling spot cotton on the ten markets designated by the Secretary is below 52 per centum of the parity price of cotton *at any such time*<sup>15</sup> or the August crop estimate for cotton is in excess of a normal year's domestic consumption and exports, at rates not less than 52 per centum and not more than 75 per centum of the parity price of cotton as of the beginning of the marketing year. In case marketing quotas for cotton are in effect in any marketing year, the Corporation is directed to make available, during such marketing year, to noncooperators, loans upon cotton at 60 per centum of the rate applicable to cooperators. A loan on cotton to a noncooperator shall be made only on so much of his cotton as would be subject to penalty if marketed.

(d) The Corporation is directed to make available loans upon corn during any marketing year beginning in the calendar year in which the November crop estimate for corn is in excess of a normal year's domestic consumption and exports, or in any marketing year when on November 15 *or at any time thereafter during such marketing year*<sup>16</sup> the farm price of corn is below 75 per centum of the parity price, at the following rates:

75 per centum of such parity price if such estimate does not exceed a normal year's consumption and exports and the farm price of corn is below 75 per centum of the parity price on November 15 *or at any time thereafter during such marketing year*;<sup>16</sup>

70 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by not more than 10 per centum;

65 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by more than 10 per centum and not more than 15 per centum;

<sup>13</sup> The italicized words were substituted by sec. 502 (a) of the Price Adjustment Act of 1938, *supra*, note 12, in lieu of the words "on such date".

<sup>14</sup> The italicized words were added by sec. 502 (b) of the Price Adjustment Act of 1938, *supra*, note 12.

<sup>15</sup> The italicized words were substituted by sec. 502 (b) of the Price Adjustment Act of 1938, *supra*, note 12, in lieu of the words "on such date".

<sup>16</sup> The italicized words were added by sec. 502 (c) of the Price Adjustment Act of 1938, *supra*, note 12.

60 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by more than 15 per centum and not more than 20 per centum;

55 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by more than 20 per centum and not more than 25 per centum;

52 per centum of such parity price if such estimate exceeds a normal year's domestic consumption and exports by more than 25 per centum.

Loans shall be made to cooperators in the commercial corn-producing area at the applicable rate of the above schedule. Loans shall be made to noncooperators within such commercial corn-producing area but only during a marketing year in which farm marketing quotas are in effect and only on corn stored under seal pursuant to section 324, and the rate of such loans shall be 60 per centum of the applicable rate under the above schedule. Loans shall be made to cooperators outside such commercial corn-producing area, and the rate of such loans shall be 75 per centum of the applicable rate under the above schedule.

(e) The rates of loans under subsections (b), (c), and (d) on wheat, cotton, and corn not of standard grade, type, staple, or quality shall be increased or decreased in relation to the rates above provided by such amounts as the Secretary prescribes as properly reflecting differences from standard in grade, type, staple, and quality.

(f) For the purposes of subsections (b), (c), and (d), a cooperator shall be a producer on whose farm the acreage planted to the commodity for the crop with respect to which the loan is made does not exceed the farm acreage allotment for the commodity under this title, or, in the case of loans upon corn to a producer outside the commercial corn-producing area, a producer on whose farm the acreage planted to soil-depleting crops does not exceed the farm acreage allotment for soil-depleting crops for the year in which the loan is made under the Soil Conservation and Domestic Allotment Act, as amended. For the purposes of this subsection a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded his farm acreage allotment.

(g) Notwithstanding any other provision of this section, if the farmers producing cotton, wheat, corn, or rice indicate by vote in a referendum carried out pursuant to the provisions of this title that marketing quotas with respect to such commodity are opposed by more than one-third of the farmers voting in such referendum, no loan shall be made pursuant to this section with respect to the commodity during the period from the date on which the results of the referendum are proclaimed by the Secretary until the beginning of the second succeeding marketing year for such commodity. This subsection shall not limit the availability or renewal of any loan previously made.

(h) No producer shall be personally liable for any deficiency arising from the sale of the collateral securing any loan under this section unless such loan was obtained through fraudulent representations by the producer.

(i) In carrying out this section the Corporation is directed, with the consent of the Secretary, to utilize the services, facilities, and personnel of the Department.

PARITY PAYMENTS

SEC. 303. If and when appropriations are made therefor, the Secretary is authorized and directed to make payments to producers of corn, wheat, cotton, rice, or tobacco, on their normal production of such commodities in amounts which, together with the proceeds thereof, will provide a return to such producers which is as nearly equal to parity price as the funds so made available will permit. All funds available for such payments with respect to these commodities shall, unless otherwise provided by law, be apportioned to these commodities in proportion to the amount by which each fails to reach the parity income. Such payments shall be in addition to and not in substitution for any other payments authorized by law.

CONSUMER SAFEGUARDS

SEC. 304. The powers conferred under this Act shall not be used to discourage the production of supplies of foods and fibers sufficient to maintain normal domestic human consumption as determined by the Secretary from the records of domestic human consumption in the years 1920 to 1929, inclusive, taking into consideration increased population, quantities of any commodity that were forced into domestic consumption by decline in exports during such period, current trends in domestic consumption and exports of particular commodities, and the quantities of substitutes available for domestic consumption within any general class of food commodities. In carrying out the purposes of this Act it shall be the duty of the Secretary to give due regard to the maintenance of a continuous and stable supply of agricultural commodities from domestic production adequate to meet consumer demand at prices fair to both producers and consumers.

SUBTITLE B—MARKETING QUOTAS

PART I.—MARKETING QUOTAS—TOBACCO

LEGISLATIVE FINDINGS

SEC. 311 (a) The marketing of tobacco constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate and foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Tobacco produced for markets is sold on a Nation-wide market and, with its products, moves almost wholly in interstate and foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes, are widely scattered throughout the Nation, in many cases such farmers carry on their farming operations on borrowed money or leased lands, and are not so situated as to be able to organize effectively, as can labor and industry through unions and corporations enjoying Government protection and sanction. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.



(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate and foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the price for such commodity with consequent injury and destruction of interstate and foreign commerce in such commodity, and (4) causing a disparity between the prices for such commodity in interstate and foreign commerce and industrial products therein, with a consequent diminution of the volume of interstate and foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of tobacco exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate and foreign commerce in such commodity and its products, and the operation of the provisions of this Part becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in interstate and foreign commerce.

#### NATIONAL MARKETING QUOTA

SEC. 312. (a) Whenever<sup>17</sup> the Secretary finds that the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level therefor, the Secretary shall proclaim the amount of such total supply, and, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the tobacco marketed during such marketing year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the total quantity of tobacco which may be marketed, which will make available during such marketing year a supply of tobacco equal to the reserve supply level. Such proclamation shall be made not later than the 1st day of December in such year.<sup>18</sup> *The amount of the national marketing quota so proclaimed may, not later than December 31, be increased by not more than 10 per centum if the Secretary determines that such increase is necessary in order to meet market demands.*<sup>17</sup>

(b) Whenever in the case of burley tobacco, and fire-cured and dark air-cured tobacco, respectively, the total supply proclaimed pursuant to the provisions of subsection (a) of this section exceeds the reserve supply level by more than 5 per centum and a national marketing quota is not in effect for such tobacco during the marketing year then current, a national marketing quota shall also be in effect for such tobacco marketed during the period from the date of such proclamation to the end of such current marketing year, and the

<sup>17</sup> This subsection was amended by Public, No. 336, 76th Cong., approved August 7, 1939, 53 Stat. 1261, Title — U. S. C., sec. —, by striking out the expression appearing in the first sentence thereof, which read as follows: "on the 15th day of November of any calendar year" and the commas immediately preceding and following said expression; and by the addition of the words italicized.

<sup>18</sup> Sec. 19 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 205, Title 7 U. S. C., sec. 1312, provides as follows:

"The proclamations heretofore issued by the Secretary of Agriculture under sections 312 (a), 327, 328, and 345 of the Agricultural Adjustment Act of 1938 shall be effective as provided in said sections, and no provision of any amendment made by this Act shall be construed as requiring any further action under section 312 (c) or 347 of the Agricultural Adjustment Act of 1938 with respect to marketing years beginning in 1938."

Secretary shall determine and shall specify in such proclamation the amount of such national marketing quota in terms of the total quantity which may be marketed, which will make available during such current marketing year a supply of tobacco equal to the reserve supply level. The provisions of this subsection shall not be effective prior to the beginning of the marketing year beginning in the calendar year 1938, *nor for any marketing year for which a marketing quota was proclaimed pursuant to the provisions of subsection (a) of this sections.*<sup>19</sup>

(c) Within thirty days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum of farmers who were engaged in production of the crop of tobacco harvested prior to the holding of the referendum to determine whether such farmers are in favor of or opposed to such quota. If in the case of burley tobacco, or fire-cured and dark air-cured tobacco, respectively, farmers would be subject to a national quota for the next succeeding marketing year pursuant to the provisions of subsection (a) of this section, and also to a national marketing quota for the current marketing year pursuant to the provisions of subsection (b) of this section, the referendum shall provide for voting with respect to each such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the 1st day of January, proclaim the result of the referendum and such quota shall not be effective thereafter.<sup>20</sup>

(d) In connection with the determination and proclamation of any marketing quota for the 1938-1939 marketing year, the determination by the Secretary pursuant to subsection (a) of this section shall be made and proclaimed within fifteen days following the date of the enactment of this Act, and the proclamation of the Secretary pursuant to subsection (c) of this section shall be made within forty-five days following the date of the enactment of this Act.

(e) Marketing quotas shall not be in effect with respect to cigar-filler tobacco comprising type 41 during the marketing year beginning in 1938 or the marketing year beginning in 1939.

(f) *Notwithstanding any other provisions of this Act, the Secretary shall, within fifteen days after the enactment of this subsection (f), proclaim the amount of the total supply of burley tobacco for the marketing year therefor beginning October 1, 1937, and a national marketing quota shall be in effect for burley tobacco marketed during the marketing year for such tobacco beginning October 1, 1938. The Secretary shall also determine and specify in such proclamation the amount of such national marketing quota in terms of the total quantity of such tobacco which may be marketed, which will make available during the marketing year beginning October 1, 1938, a supply of such tobacco equal to the reserve supply level. The referendum with respect to such quota, pursuant to subsection (c) of this section, shall be held and the results thereof proclaimed within forty-five days after the enactment of this subsection (f).*<sup>21</sup>

<sup>19</sup> The period preceding italicized words was removed and the italicized matter was added by Public, No. 335, 76th Cong., approved August 7, 1939, 53 Stat. 1261, Title — U. S. C., sec. —.

<sup>20</sup> See footnote 18.

<sup>21</sup> This subsection (f) was added by the act entitled "An act amending section 312 of the Agricultural Adjustment Act of 1938". Public, No. 452, 75th Cong., approved March 26, 1938, 52 Stat. 120, Title 7 U. S. C., sec. 1312 (f).

SEC. 313.(a) The national marketing quota for tobacco established pursuant to the provisions of section 312, less the amount to be allotted under subsection (c) of this section, shall be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the five calendar years immediately preceding the calendar year in which the quota is proclaimed (plus, in applicable years, the normal production on the <sup>(22)</sup> acreage diverted under previous agricultural adjustment and conservation programs), with such adjustments as are determined to be necessary to make correction for abnormal conditions of production, for small farms, and for trends in production, giving due consideration to seed bed and other plant diseases during such five-year period: *Provided, however,* That to prevent in any case too sharp and sudden reduction in acreage of tobacco production in any State, the marketing quota for flue-cured tobacco for any State for any marketing year shall not be reduced to a point less than 75 per centum of the production of flue-cured tobacco in such State for the year 1937.

(b) The Secretary shall provide, through the local committees, for the allotment of the marketing quota for any State among the farms on which tobacco is produced, on the basis of the following: Past marketing of tobacco, making due allowance for drought, flood, hail, other abnormal weather conditions, plant bed, and other diseases; land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided,* That, except for farms on which for the first time in five years tobacco is produced to be marketed in the marketing year for which the quota is effective, the marketing quota for any farm shall not be less than the smaller of either (1) three thousand two hundred pounds, in the case of flue-cured tobacco, and two thousand four hundred pounds, in the case of other kinds of tobacco, or (2) the average tobacco production for the farm during the preceding three years, plus the average normal production of any tobacco acreage diverted under agricultural adjustment and conservation programs during such preceding three years.

(c) The Secretary shall provide, through local committees, for the allotment of not in excess of 5 per centum of the national marketing quota (1) to farms in any State whether it has a State quota or not on which for the first time in five years tobacco is produced to be marketed in the year for which the quota is effective and (2) for further increase of allotments to small farms pursuant to the proviso in subsection (b) of this section on the basis of the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided,* That farm marketing quotas established pursuant to this subsection for farms on which tobacco is produced for the first time in five years shall not exceed 75 per centum of the farm marketing quotas established pursuant to subsection (b) of this section for farms which are similar with respect to the following: Land, labor, and equipment available for the pro-

<sup>22</sup> The word "net" was deleted by sec. 5 (a) of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 202, Title 7 U. S. C., sec. 1313.



duction of tobacco, crop-rotation practices, and the soil and other physical factors affecting the production of tobacco.

(d) Farm marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

(e) *In case of flue-cured tobacco, the national quota for 1938 is increased by a number of pounds required to provide for each State in addition to the State poundage allotment a poundage not in excess of 4 per centum<sup>23</sup> of the allotment which shall be apportioned in amounts which the Secretary determines to be fair and reasonable to farms in the State receiving allotments under the Agricultural Adjustment Act of 1938 which the Secretary determines are inadequate in view of past production of tobacco, and for each year by a number of pounds sufficient to assure that any State receiving a State poundage allotment of flue-cured tobacco shall receive a minimum State poundage allotment of flue-cured tobacco equal to the average national yield for the preceding five years of five hundred acres of such tobacco.*<sup>24</sup>

(f) *In the case of fire-cured an dark air-cured and burley tobacco, the national quota for 1938 is increased by a number of pounds required to provide for each State in addition to the State poundage allotment a poundage not in excess of 2 per centum of the allotment which shall be apportioned in amounts which the Secretary determines to be fair and reasonable to farms in the State receiving allotments under this section which the Secretary determines are inadequate in view of past production of tobacco.*<sup>25</sup>

(g) *Notwithstanding any other provision of this section, the Secretary on the basis of average yield per acre of tobacco for the State during the five years last preceding the year in which the national marketing quota is proclaimed, adjusted for abnormal conditions of production, may convert the State marketing quota into a State acreage allotment, and allot the same through the local committees among farms on the basis of the factors set forth in subsection (b), using past acreage (harvested and diverted) in lieu of the past marketing of tobacco; and the Secretary on the basis of the national average yield during the same period, similarly adjusted, may also convert into an acreage allotment the amount reserved from the national quota pursuant to the provisions of subsection (c) and on the basis of the factors set forth in subsection (c) and the past tobacco experience of the farm operator, allot the same through the local committees among farms on which no tobacco was produced during the last five years. Except for farms last mentioned or a farm operated, controlled, or directed by a person who also operates, controls, or directs another farm on which tobacco is produced, the farm-acreage allotment shall be increased by the smaller of (1) 20 per centum of such allotment or (2) the percentage by which*

<sup>23</sup> The words "4 per centum" were substituted by sec. 2 (a) of the act entitled "An act to amend the Agricultural Adjustment Act of 1938", Public, No. 557, 75th Cong., approved May 31, 1938, 52 Stat. 586, Title 7 U. S. C., sec. 1313 (e), in lieu of the expression "2 per centum".

<sup>24</sup> This italicized subsection was added by sec. 5 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 202, Title 7 U. S. C., sec. 1313 (e).

<sup>25</sup> This subsection (f) was added by sec. 2 (b) of the act entitled "An act to amend the Agricultural Adjustment Act of 1938", Public, No. 557, 75th Cong., approved May 31, 1938, 52 Stat. 586, Title 7 U. S. C., sec. 1313 (f).

*the normal yield of such allotment (as determined through the local committees in accordance with regulations prescribed by the Secretary) is less than three thousand two hundred pounds, in the case of flue-cured tobacco, and two thousand four hundred pounds in the case of other kinds of tobacco: Provided, That the normal yield of the estimated number of acres so added to farm acreage allotments in any State shall be considered as a part of the State marketing quota in applying the proviso in subsection (a). The actual production of the acreage allotment established for a farm pursuant to this subsection shall be the amount of the farm marketing quota. If any amount of tobacco shall be marketed as having been produced on the acreage allotment for any farm which in fact was produced on a different farm, the acreage allotments next established for both such farms shall be reduced by that percentage which such amount was of the respective farm marketing quota, except that such reduction for any such farm shall not be made if the Secretary through the local committees finds that no person connected with such farm caused, aided, or acquiesced in such marketing; and if proof of the disposition of any amount of tobacco is not furnished as required by the Secretary, the acreage allotment next established for the farm on which such tobacco is produced shall be reduced by a percentage similarly computed.<sup>26</sup>*

#### PENALTIES

**SEC. 314.** *The marketing of any tobacco in excess of the marketing quota for the farm on which the tobacco is produced shall be subject to a penalty of 10 cents per pound in the case of flue-cured, Maryland, or Burley tobacco and 5 cents per pound in the case of all other kinds of tobacco.<sup>27</sup> Such penalty shall be paid by the person who acquires such tobacco from the producer but an amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer in case such tobacco is marketed by sale; or, if the tobacco is marketed by the producer through a warehouseman or other agent, such penalty shall be paid by such warehouseman or agent who may deduct an amount equivalent to the penalty from the price paid to the producer: Provided, That in case any tobacco is marketed directly to any person outside the United States the penalty shall be paid and remitted by the producer.*

#### PART II.—MARKETING QUOTAS—CORN

##### LEGISLATIVE FINDING

**SEC. 321.** Corn is a basic source of food for the Nation, and corn produced in the commercial corn-producing area moves almost wholly in interstate and foreign commerce in the form of corn, livestock, and livestock products.

<sup>26</sup> Subsection (g) was added by Public, No. 337, 76th Cong., approved August 7, 1939, 53 Stat. 1261, Title — U. S. C., sec. —.

<sup>27</sup> Italicized sentence was added by Public, No. 338, 76th Cong., approved August 7, 1939, 53 Stat. 1262, Title — U. S. C., sec. —, in lieu of "The marketing of any tobacco in excess of the marketing quota for the farm on which the tobacco is produced, except the marketing of any such tobacco for nicotine or other byproduct uses, shall be subject to a penalty of 50 per centum of the market price of such tobacco on the date of such marketing, or, if the following rates are higher, 3 cents per pound in the case of flue-cured, Maryland, or burley, and 2 cents per pound in the case of all other kinds of tobacco."

Abnormally excessive and abnormally deficient supplies of corn acutely and directly affect, burden, and obstruct interstate and foreign commerce in corn, livestock, and livestock products. When abnormally excessive supplies exist, transportation facilities in interstate and foreign commerce are overtaxed, and the handling and processing facilities through which the flow of interstate and foreign commerce in corn, livestock, and livestock products is directed become acutely congested. Abnormally deficient supplies result in substantial decreases in livestock production and in an inadequate flow of livestock and livestock products in interstate and foreign commerce, with the consequence of unreasonably high prices to consumers.

Violent fluctuations from year to year in the available supply of corn disrupt the balance between the supply of livestock and livestock products moving in interstate and foreign commerce and the supply of corn available for feeding. When available supplies of corn are excessive, corn prices are low and farmers overexpand livestock production in order to find outlets for corn. Such expansion, together with the relative scarcity and high price of corn, forces farmers to market abnormally excessive supplies of livestock in interstate commerce at sacrifice prices, endangering the financial stability of producers, and overtaxing handling and processing facilities through which the flow of interstate and foreign commerce in livestock and livestock products is directed. Such excessive marketings deplete livestock on farms, and livestock marketed in interstate and foreign commerce consequently becomes abnormally low, with resultant high prices to consumers and danger to the financial stability of persons engaged in transporting, handling, and processing livestock in interstate and foreign commerce. These high prices in turn result in another overexpansion of livestock production.

Recurring violent fluctuations in the price of corn resulting from corresponding violent fluctuations in the supply of corn directly affect the movement of livestock in interstate commerce from the range cattle regions to the regions where livestock is fattened for market in interstate and foreign commerce, and also directly affect the movement in interstate commerce of corn marketed as corn which is transported from the regions where produced to the regions where livestock is fattened for market in interstate and foreign commerce.

Substantially all the corn moving in interstate commerce, substantially all the corn fed to livestock transported in interstate commerce for fattening, and substantially all the corn fed to livestock marketed in interstate and foreign commerce, is produced in the commercial corn-producing area. Substantially all the corn produced in the commercial corn-producing area, with the exception of a comparatively small amount used for farm consumption, is either sold or transported in interstate commerce, or is fed to livestock transported in interstate commerce for feeding, or is fed to livestock marketed in interstate and foreign commerce. Almost all the corn produced outside the commercial corn-producing area is either consumed, or is fed to livestock which is consumed, in the State in which such corn is produced.

The conditions affecting the production and marketing of corn and the livestock products of corn are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively



prevent the recurrence of disparities between the supplies of livestock moving in interstate and foreign commerce and the supply of corn available for feeding, and provide for orderly marketing of corn in interstate and foreign commerce and livestock and livestock products in interstate and foreign commerce.

The national public interest requires that the burdens on interstate and foreign commerce above described be removed by the exercise of Federal power. By reason of the administrative and physical impracticability of regulating the movement of livestock and livestock products in interstate and foreign commerce and the inadequacy of any such regulation to remove such burdens, such power can be feasibly exercised only by providing for the withholding from market of excessive and burdensome supplies of corn in times of excessive production, and providing a reserve supply of corn available for market in times of deficient production, in order that a stable and continuous flow of livestock and livestock products in interstate and foreign commerce may at all times be assured and maintained.

#### FARM MARKETING QUOTAS

SEC. 322. (a) Whenever in any calendar year the Secretary determines from available statistics of the Department, including the August production estimate officially published by the Division of Crop and Livestock Estimates of the Bureau of Agricultural Economics of the Department, that the total supply of corn as of October 1 will exceed the normal supply thereof by more than 10 per centum, marketing quotas shall be in effect in the commercial corn-producing area for the crop of corn grown in such area in such calendar year, and shall remain in effect until terminated in accordance with the provisions of this title.

(b) The Secretary shall determine, on the basis of the estimated average yield of corn in such area for such crop, the acreage in such area which the Secretary determines would make available for the marketing year beginning October 1 a supply of corn (together with the estimated production of corn in the United States outside such area) equal to the normal supply. The percentage which the number of acres so determined is of the total number of acres of the acreage allotment under section 328 shall be proclaimed by the Secretary.<sup>28</sup> Such percentage is referred to herein as the "marketing percentage".

(c) The Secretary shall proclaim his determinations of facts under subsection (a) and his determination of the marketing percentage under subsection (b) not later than August 15.<sup>29</sup>

(d) Within twenty days after the date of the issuance of the proclamation provided for in subsection (c) of this section, the Secretary shall conduct a referendum, by secret ballot, of farmers who would be subject to such quotas to determine whether such farmers are in favor of or opposed to such quotas. If more than one-third of the farmers voting in the referendum oppose such quotas, the Secretary

<sup>28</sup> Notwithstanding this provision, " \* \* \* the marketing percentage under subsection (b) shall be 100 per centum", under the terms of Public Res. No. 34, 76th Cong., cited in full in footnote 31.

<sup>29</sup> Note the change in date from August 15 to "any time prior to September 15", contained in Public Res. No. 34, 76th Cong., cited in full in footnote 31.

shall, prior to September 10,<sup>30</sup> proclaim the result of the referendum and such quotas shall not become effective.

(e) Whenever it shall appear from the September production estimates officially published by the Division of Crop and Livestock Estimates of the Bureau of Agricultural Economics of the Department, that the total supply of corn as of the beginning of the next succeeding marketing year will not exceed the normal supply by more than 10 per centum thereof, the Secretary shall proclaim such fact prior to September 20, if farm marketing quotas have been proclaimed for such marketing year. Thereupon such quotas shall not become effective.<sup>31</sup>

#### AMOUNT OF FARM MARKETING QUOTA

SEC. 323. (a) The farm marketing quota for any farm with respect to any crop of corn shall be an amount of corn equal to the sum of—

- (1) The amount of corn used as silage; and
- (2) The actual production of the acreage of corn not used as silage less the amount required for farm consumption and less the storage amount applicable to the farm as ascertained under section 324.

(b) No farm marketing quota with respect to any crop of corn shall be applicable to any farm on which the normal production of the acreage planted to corn is less than three hundred bushels.

#### STORAGE AMOUNT

SEC. 324. (a) If the acreage of corn on the farm does not exceed the marketing percentage of the farm acreage allotment, there shall be no storage amount.

(b) If the acreage of corn on the farm exceeds the marketing percentage of the farm acreage allotment, the storage amount shall be a number of bushels equal to the smallest of the following amounts—

- (1) The normal production of the acreage of corn on the farm in excess of the marketing percentage of the farm acreage allotment;
- (2) The amount by which the actual production of the acreage of corn on the farm exceeds the normal production of the marketing percentage of the farm acreage allotment; or
- (3) The amount of the actual production of the acreage of corn on the farm not used for silage.

(c) If the storage amount ascertained under subsection (b) is less than 100 bushels, there shall be no storage amount.

#### PENALTIES

SEC. 325. (a) Any farmer who, while any farm marketing quota is in effect for his farm with respect to any crop of corn, markets corn

<sup>30</sup> Note the change in date from September 10 to "any time prior to October 10", contained in Public Res. No. 34, 76th Cong., cited in full in footnote 31.

<sup>31</sup> Public Res. No. 34, 76th Cong., approved July 26, 1939, 53 Stat. 1125, Title — U. S. C. sec. —, provides "That notwithstanding the provisions of section 322 of the Agricultural Adjustment Act of 1938, as amended, the determinations under subsection (c) may be proclaimed at any time prior to September 15, the result of the referendum under subsection (d) may be proclaimed at any time prior to October 10, and the marketing percentage under subsection (b) shall be 100 per centum."

produced on the farm in an amount which is in excess of the aggregate of the farm marketing quotas for the farm in effect at such time, shall be subject to a penalty of 15 cents per bushel of the excess so marketed. Liability for such penalty shall not accrue until the amount of corn stored under seal on such farm or in storage cribs rented by the farmer or under his control is less than the storage amount applicable to such crop plus the storage amounts, if any, applicable to other crops.

(b) If there is stored under seal on the farm or in such cribs an amount of corn equal at least to the storage amount applicable to such crop plus such storage amounts applicable to such other crops, the farmer shall be presumed not to be violating the provisions of subsection (a). When the amount of corn stored under seal on the farm or in such cribs is less than the storage amount applicable to such crop plus such storage amounts applicable to such other crops, the farmer shall be presumed to have marketed, while farm marketing quotas were in effect, corn in violation of the provisions of subsection (a) to the extent that the amount of corn so stored is less than the aggregate of such storage amounts. In any action brought to enforce the collection of penalties provided for in this section, the farmer, to the extent that the amount of corn so stored is less than the aggregate of such storage amounts shall have the burden of proving that he did not market corn in violation of the provisions of subsection (a).

(c) For the purposes of this Part, corn shall be deemed to be stored by the farmer under seal only if stored in such manner as to conform to the requirements of such regulations as the Secretary shall prescribe in order more effectively to administer this Part.

#### ADJUSTMENT OF FARM MARKETING QUOTAS

SEC. 326. (a) Whenever in any county or other area the Secretary finds that the actual production of corn plus the amount of corn stored under seal in such county or other area is less than the normal production of the marketing percentage of the farm acreage allotments in such county or other area, the Secretary shall terminate farm marketing quotas for corn in such county or other area.

(b) Whenever, upon any farm, the actual production of the acreage of corn is less than the normal production of the marketing percentage of the farm acreage allotment, there may be marketed, without penalty, from such farm an amount of corn from the corn stored under seal pursuant to section 324 which, together with the actual production of the then current crop, will equal the normal production of the marketing percentage of the farm acreage allotment.

(c) Whenever, in any marketing year, marketing quotas are not in effect with respect to the crop of corn produced in the calendar year in which such marketing year begins, all marketing quotas applicable to previous crops of corn shall be terminated.

#### PROCLAMATIONS OF SUPPLIES AND COMMERCIAL CORN-PRODUCING AREA

SEC. 327. Not later than September 1, the Secretary shall ascertain and proclaim the total supply, the normal supply, and the reserve



supply level for such marketing year. Not later than February 1, the Secretary shall ascertain and proclaim the commercial corn-producing area. The ascertainment and proclamation of the commercial corn-producing area for 1938 shall be made not later than ten days after the date of the enactment of this Act.<sup>32</sup>

#### ACREAGE ALLOTMENT

SEC. 328. The acreage allotment of corn for any calendar year shall be that acreage in the commercial corn-producing area which, on the basis of the average yield for corn in such area during the ten calendar years immediately preceding such calendar year, *adjusted for abnormal weather conditions and trends in yield*,<sup>33</sup> will produce an amount of corn in such area which the Secretary determines will, together with corn produced in the United States outside the commercial corn-producing area, make available a supply for the marketing year beginning in such calendar year, equal to the reserve supply level. The Secretary shall proclaim such acreage allotment not later than February 1 of the calendar year for which such acreage allotment was determined. The proclamation of the acreage allotment for 1938 shall be made as soon as practicable after the date of the enactment of this Act.<sup>32</sup>

#### APPORTIONMENT OF ACREAGE ALLOTMENT

SEC. 329. (a) The acreage allotment for corn shall be apportioned by the Secretary among the counties in the commercial corn-producing area on the basis of the acreage seeded for the production of corn during the ten calendar years immediately preceding the calendar year in which the apportionment is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and for trends in acreage during such period and for the promotion of soil-conservation practices: *Provided*, That any downward adjustment for the promotion of soil-conservation practices shall not exceed 2 per centum of the total acreage allotment that would otherwise be made to such county.

(b) The acreage allotment to the county for corn shall be apportioned by the Secretary, through the local committees, among the farms within the county on the basis of tillable acreage, crop-rotation practices, type of soil, and topography.

#### PART III.—MARKETING QUOTAS—WHEAT

##### LEGISLATIVE FINDINGS

SEC. 331. Wheat is a basic source of food for the Nation, is produced throughout the United States by more than a million farmers,

<sup>32</sup> Sec. 19 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 205, Title 7 U. S. C., sec. 1312, provides in part as follows:

"The proclamations heretofore issued by the Secretary of Agriculture under sections 312 (a), 327, 328, and 345 of the Agricultural Adjustment Act of 1938 shall be effective as provided in said sections \* \* \*

<sup>33</sup> The italicized words were added by sec. 6 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 202, Title 7 U. S. C., sec. 1328.

is sold on the country-wide market and, as wheat or flour, flows almost entirely through instrumentalities of interstate and foreign commerce from producers to consumers.

Abnormally excessive and abnormally deficient supplies of wheat on the country-wide market acutely and directly affect, burden, and obstruct interstate and foreign commerce. Abnormally excessive supplies overtax the facilities of interstate and foreign transportation, congest terminal markets and milling centers in the flow of wheat from producers to consumers, depress the price of wheat in interstate and foreign commerce, and otherwise disrupt the orderly marketing of such commodity in such commerce. Abnormally deficient supplies result in an inadequate flow of wheat and its products in interstate and foreign commerce with consequent injurious effects to the instrumentalities of such commerce and with excessive increases in the prices of wheat and its products in interstate and foreign commerce.

It is in the interest of the general welfare that interstate and foreign commerce in wheat and its products be protected from such burdensome surpluses and distressing shortages, and that a supply of wheat be maintained which is adequate to meet domestic consumption and export requirements in years of drought, flood, and other adverse conditions as well as in years of plenty, and that the soil resources of the Nation be not wasted in the production of such burdensome surpluses. Such surpluses result in disastrously low prices of wheat and other grains to wheat producers, destroy the purchasing power of grain producers for industrial products, and reduce the value of the agricultural assets supporting the national credit structure. Such shortages of wheat result in unreasonably high prices of flour and bread to consumers and loss of market outlets by wheat producers.

The conditions affecting the production and marketing of wheat are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of such surpluses and shortages and the burdens on interstate and foreign commerce resulting therefrom, maintain normal supplies of wheat, or provide for the orderly marketing thereof in interstate and foreign commerce.

The provisions of this Part affording a cooperative plan to wheat producers are necessary in order to minimize recurring surpluses and shortages of wheat in interstate and foreign commerce, to provide for the maintenance of adequate reserve supplies thereof, and to provide for an adequate flow of wheat and its products in interstate and foreign commerce. The provisions hereof for regulation of marketings by producers of wheat whenever an abnormally excessive supply of such commodity exists are necessary in order to maintain an orderly flow of wheat in interstate and foreign commerce under such conditions.

#### PROCLAMATIONS OF SUPPLIES AND ALLOTMENTS

SEC. 332. Not later than July 15 of each marketing year for wheat, the Secretary shall ascertain and proclaim the total supply and the normal supply of wheat for such marketing year, and the national acreage allotment for the next crop of wheat.

NATIONAL ACREAGE ALLOTMENT

SEC. 333. The national acreage allotment for any crop of wheat shall be that acreage which the Secretary determines will, on the basis of the national average yield for wheat, produce an amount thereof adequate, together with the estimated carry-over at the beginning of the marketing year for such crop, to make available a supply for such marketing year equal to a normal year's domestic consumption and exports plus 30 per centum thereof. The national acreage allotment for wheat for 1938 shall be sixty-two million five hundred thousand acres. *The national acreage allotment for wheat for any year<sup>34</sup> shall be not less than fifty-five million acres.<sup>35</sup>*

APPORTIONMENT OF NATIONAL ACREAGE ALLOTMENT

SEC. 334. (a) The national acreage allotment for wheat shall be apportioned by the Secretary among the several States on the basis of the acreage seeded for the production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and for trends in acreage during such period.

(b) The State acreage allotment for wheat shall be apportioned by the Secretary among the counties in the State, on the basis of the acreage seeded for the production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined (plus, in applicable years, the <sup>(36)</sup> acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during such period and for the promotion of soil-conservation practices.

(c) The allotment to the county shall be apportioned by the Secretary, through the local committees, among the farms within the county on the basis of tillable acres, crop-rotation practices, type of soil, and topography. Not more than 3 per centum of such county allotment shall be apportioned to farms on which wheat has not been planted during any of the three marketing years immediately preceding the marketing year in which the allotment is made.

MARKETING QUOTAS

SEC. 335. (a) Whenever it shall appear that the total supply of wheat as of the beginning of any marketing year will exceed a normal year's domestic consumption and exports by more than 35 per centum, the Secretary shall, not later than the May 15 prior to the beginning of such marketing year, proclaim such fact and, during the

<sup>34</sup> The words "any year" were inserted in lieu of "1939" by Public Res. No. 33, 76th Cong., approved July 26, 1939, 53 Stat. 1125, Title — U. S. C., sec. —.

<sup>35</sup> The italicized words were added by Public Res. No. 118, 75th Cong., approved June 20, 1938, 52 Stat. 775, Title 7 U. S. C., sec. 1333.

<sup>36</sup> The word "net" was deleted by sec. 7 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 204, Title 7 U. S. C., sec. 1334 (b).



marketing year beginning July 1 and continuing throughout such marketing year, a national marketing quota shall be in effect with respect to the marketing of wheat. The Secretary shall ascertain and specify in the proclamation the amount of the national marketing quota in terms of a total quantity of wheat and also in terms of a marketing percentage of the national acreage allotment for the current crop which he determines will, on the basis of the national average yield of wheat, produce the amount of the national marketing quota. Marketing quotas for any marketing year shall be in effect with respect to wheat harvested in the calendar year in which such marketing year begins notwithstanding that the wheat is marketed prior to the beginning of such marketing year. No marketing quota with respect to the marketing of wheat shall be in effect for the marketing year beginning July 1, 1938, unless prior to the date of the proclamation of the Secretary, provision has been made by law for the payment, in whole or in part, in 1938 of parity payments with respect to wheat.

(b) The amount of the national marketing quota for wheat shall be equal to a normal year's domestic consumption and exports plus 30 per centum thereof, less the sum of (1) the estimated carry-over of wheat as of the beginning of the marketing year with respect to which the quota is proclaimed and (2) the estimated amount of wheat which will be used on farms as seed or livestock feed during the marketing year.

(c) *The farm marketing quota for any farm for any marketing year shall be a number of bushels of wheat equal to the sum of—*

(1) *A number of bushels equal to the normal production or the actual production, whichever is the greater, of the farm acreage allotment; and*

(2) *A number of bushels equal to the amount, or part thereof, of wheat from any previous crop which the farmer has on hand which, had such amount, or part thereof, been marketed during the preceding marketing year in addition to the wheat actually marketed during such preceding marketing year, could have been marketed without penalty.*

(3) *Any farmer who does not market wheat in excess of the normal production or the actual production, whichever is the greater, of the farm acreage allotment shall not be subject to penalty under the provisions of section 339. Any farmer who stores, in accordance with regulations issued by the Secretary, an amount of wheat which is less than the amount subject to penalty, shall be presumed to have marketed the amount of such wheat subject to penalty which is not so stored.*<sup>37</sup>

<sup>37</sup> This new subsection (c) was added in lieu of

"(c) The farm marketing quota for any farm for any marketing year shall be a number of bushels of wheat equal to the sum of—

(1) A number of bushels equal to the normal production of a number of acres determined by applying the marketing percentage specified in the quota proclamation to the farm acreage allotment for the current crop; and

(2) A number of bushels of wheat equal to the amount, or part thereof, of wheat from any previous crop which the farmer has on hand which, had such amount, or part thereof, been marketed during the preceding marketing year in addition to the wheat actually marketed during such preceding marketing year, could have been marketed without penalty.

In no event shall the farm marketing quota for any farm be less than the normal production of half the farm acreage allotment for the farm," by Public Res. No. 35, 76th Cong., approved July 26, 1939, 53 Stat. 1126, Title — U. S. C., sec. —.

(d) No farm marketing quota with respect to wheat shall be applicable in any marketing year to any farm on which the normal production of the acreage planted to wheat of the current crop is less than one hundred bushels.

#### REFERENDUM

SEC. 336. Between the date of the issuance of any proclamation of any national marketing quota for wheat and June 10, the Secretary shall conduct a referendum, by secret ballot, of farmers who will be subject to the quota specified therein to determine whether such farmers favor or oppose such quota. If more than one-third of the farmers voting in the referendum oppose such quota, the Secretary shall, prior to the effective date of such quota, by proclamation suspend the operation of the national marketing quotas with respect to wheat.

#### ADJUSTMENT AND SUSPENSION OF QUOTAS

SEC. 337. (a) If the total supply as proclaimed by the Secretary within forty-five days after the beginning of the marketing year is less than that specified in the proclamation by the Secretary under section 335 (a), then the national marketing quota specified in the proclamation under such section shall be increased accordingly.

(b) Whenever it shall appear from either the July or the August production estimates, officially published by the Division of Crop and Livestock Estimates of the Bureau of Agricultural Economics of the Department, that the total supply of wheat as of the beginning of the marketing year was less than a normal year's domestic consumption and export plus 30 per centum thereof, the Secretary shall proclaim such fact prior to July 20, or August 20, as the case may be, if farm marketing quotas have been announced with respect to the crop grown in such calendar year. Thereupon such quotas shall become ineffective.

#### TRANSFER OF QUOTAS

SEC. 338. Farm marketing quotas for wheat shall not be transferable, but, in accordance with regulations prescribed by the Secretary for such purpose, any farm marketing quota in excess of the supply of wheat for such farm for any marketing year may be allocated to other farms on which the acreage allotment has not been exceeded.

#### PENALTIES

SEC. 339. Any farmer who, while farm marketing quotas are in effect, markets wheat in excess of the farm marketing quota for the farm on which such wheat was produced, shall be subject to a penalty of 15 cents per bushel of the excess so marketed.

#### PART IV.—MARKETING QUOTAS—COTTON

##### LEGISLATIVE FINDINGS

SEC. 341. American cotton is a basic source of clothing and industrial products used by every person in the United States and by sub-

stantial numbers of people in foreign countries. American cotton is sold on a world-wide market and moves from the places of production almost entirely in interstate and foreign commerce to processing establishments located throughout the world at places outside the State where the cotton is produced.

Fluctuations in supplies of cotton and the marketing of excessive supplies of cotton in interstate and foreign commerce disrupt the orderly marketing of cotton in such commerce with consequent injury to and destruction of such commerce. Excessive supplies of cotton directly and materially affect the volume of cotton moving in interstate and foreign commerce and cause disparity in prices of cotton and industrial products moving in interstate and foreign commerce with consequent diminution of the volume of such commerce in industrial products.

The conditions affecting the production and marketing of cotton are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of excessive supplies of cotton and fluctuations in supplies, cannot prevent indiscriminate dumping of excessive supplies on the Nation-wide and foreign markets, cannot maintain normal carry-overs of cotton, and cannot provide for the orderly marketing of cotton in interstate and foreign commerce.

It is in the interest of the general welfare that interstate and foreign commerce in cotton be protected from the burdens caused by the marketing of excessive supplies of cotton in such commerce, that a supply of cotton be maintained which is adequate to meet domestic consumption and export requirements in years of drought, flood, and other adverse conditions as well as in years of plenty, and that the soil resources of the Nation be not wasted in the production of excessive supplies of cotton.

The provisions of this Part affording a cooperative plan to cotton producers are necessary and appropriate to prevent the burdens on interstate and foreign commerce caused by the marketing in such commerce of excessive supplies, and to promote, foster, and maintain an orderly flow of an adequate supply of cotton in such commerce.

#### FINDING AND PROCLAMATION OF SUPPLIES, AND SO FORTH

SEC. 342. Not later than November 15 of each year the Secretary shall find and proclaim (a) the total supply, the normal supply, and the carry-over of cotton as of August 1 of such year, (b) the probable domestic consumption of American cotton during the marketing year commencing August 1 of such year, (c) the probable exports of American cotton during such marketing year, and (d) the estimated carry-over of cotton as of the next succeeding August 1. For the marketing year 1937-1938 the Secretary shall make all the findings and proclamations provided for in this section not later than ten days after the date of the enactment of this Act.

#### AMOUNT OF NATIONAL ALLOTMENT

SEC. 343. (a) Not later than November 15 of each year the Secretary shall find and proclaim the amount of the national allotment of cotton for the succeeding calendar year in terms of standard bales



of five hundred pounds gross weight. The national allotment shall be the number of bales of cotton adequate, together with the estimated carry-over as of August 1 of such succeeding calendar year, to make available a supply of cotton, for the marketing year beginning on such August 1, equal to the normal supply. The finding and proclamation of the national allotment for the calendar year 1938 shall be made not later than ten days after the date of the enactment of this Act.

(b) If the national allotment for 1938 or 1939 is determined to be less than ten million bales, the national allotment for such year shall be ten million bales for such year, as the case may be. If the national allotment for 1938 or 1939 is determined to be more than eleven million five hundred thousand bales, it shall be eleven million five hundred thousand bales for such year, as the case may be. *The national allotment for any year (after 1939) shall be not less than ten million bales.*<sup>38</sup>

(c) Notwithstanding the foregoing provisions of this section, the national allotment *for any year*<sup>39</sup> shall be increased by a number of bales equal to the production of the acres allotted under section 344 (e) for such year.

#### APPORTIONMENT OF NATIONAL ALLOTMENT

SEC. 344. (a) The national allotment for cotton for each year (excluding that portion of the national allotment provided for in section 343 (c) shall be apportioned by the Secretary among the several States on the basis of the average, for the five years preceding the year in which the national allotment is determined, of the normal production of cotton in each State. The normal production of a State for a year shall be (1) the quantity produced therein plus (2) the normal yield of the acres diverted in each county in the State under the previous agricultural adjustment or conservation programs. The normal yield of the acres diverted in any county in any year shall be the average yield per acre of the planted acres in such county in such year times the number of acres diverted in such county in such year.

(b) The Secretary shall ascertain, on the basis of the average yield per acre in each State, a number of acres in such State which will produce a number of bales equal to the allotment made to the State under subsection (a). *Such number of acres plus the number of acres allotted to the State pursuant to subsection (e) (2) is referred to as the "State acreage allotment".*<sup>40</sup> The average yield per acre for any State shall be determined on the basis of the average of the normal production for the State for the years used in computing the allotment to the State, and the average, for the same period, of the acres planted and the acres diverted in the State.

<sup>38</sup> The italicized sentence was added by Public Res. No. 32, 76th Cong., approved July 26, 1939, 53 Stat. 1125, Title — U. S. C., sec. —.

<sup>39</sup> The italicized words were substituted by sec. 8 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 203, Title 7 U. S. C., sec. 1343 (c), in lieu of the expression "for 1938 and 1939".

<sup>40</sup> The italicized words were substituted by sec. 9 (a) of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 203, Title 7 U. S. C., sec. 1344 (b), in lieu of the following: "Such number of acres is referred to as the 'State acreage allotment'."

(c) (1) The State acreage allotment (less the amount required for apportionment under paragraph (2)) shall be apportioned annually by the Secretary to the counties in the State. The apportionment to the counties shall be made on the basis of the acreage planted to cotton during the five calendar years immediately preceding the calendar year in which the State allotment is apportioned (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during such five-year period.

(2) Not more than 2 per centum of the State acreage allotment shall be apportioned to farms in such State which were not used for cotton production during any of the three calendar years immediately preceding the year for which the allotment is made, on the basis of land, labor, and equipment available for the production of cotton; crop rotation practices; and the soil and other physical facilities affecting the production of cotton.

(d) The allotment apportioned to the county under subsection (c) (1), plus any amount allotted to the county under subsection (e), shall be apportioned by the Secretary, through the local committees, among the farms within the county on the following basis:

(1) To each farm on which cotton has been planted during any of the previous three years there shall be allotted the smaller of the following—

(A) Five acres; or

(B) The highest number of acres planted to cotton (plus the acres diverted from the production of cotton under the agricultural adjustment or conservation programs) in any year of such three-year period;

(2) Not more than 3 per centum of the amount remaining, after making the allotments provided for under paragraph (1), shall be allotted, upon such basis as the Secretary deems fair and equitable, to farms (other than farms to which an allotment has been made under paragraph (1) (B)) to which an allotment of not exceeding fifteen acres may be made under other provisions of this subsection; and

(3) The remainder of the total amount available to the county shall be allotted to farms on which cotton has been planted during any of the previous three years (except farms to which an allotment has been made under paragraph (1) (B)). The allotment to each farm under this paragraph, together with the amount of the allotment to such farm under paragraph (1) (A), shall be a prescribed percentage (which percentage shall be the same for all such farms in the county or administrative area) of the acreage, during the preceding year, on the farm which is tilled annually or in regular rotation, excluding from such acreage the acres devoted to the production of *sugarcane for sugar*,<sup>41</sup> *wheat, tobacco, or rice for market or wheat or rice*<sup>41</sup> for feeding to livestock for market: *Provided, however*, That if a farm would be allotted under this paragraph an acreage, together with the

<sup>41</sup> The italicized words were added by sec. 9 (b) of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 203, Title 7 U. S. C., sec. 1314 (d).

amount of the allotment to such farm under paragraph (1) (A), in excess of the largest acreage planted to cotton plus the acreage diverted from the production of cotton under the agricultural adjustment or conservation program during any of the preceding three years, the acreage allotment for such farm shall not exceed such largest acreage so planted and diverted in any such year.

(e) (1)<sup>42</sup> For 1938, 1939, and any subsequent year,<sup>43</sup> the Secretary shall allot to the several counties, to which an apportionment is made under subsection (c), a number of acres required to provide a total acreage for allotment under this section to such counties of not less than 60 per centum of the sum of (1) the acreage planted to cotton in such counties in 1937, plus (2) the acreage therein diverted from cotton production in 1937 under the agricultural adjustment and conservation program. The acreage so diverted shall be estimated in case data are not available at the time of making such allotment.

(2) *The Secretary shall allot to each State to which an allotment is made under subsection (b), and in which at least three thousand five hundred bales were produced in any of the five years immediately preceding the year for which the allotment is made, a number of acres sufficient to provide a total State acreage allotment for such State of not less than five thousand acres.*<sup>44</sup>

(f) In apportioning the county allotment among the farms within the county, the Secretary, through the local committees, shall take into consideration different conditions within separate administrative areas within a county if any exist, including types, kinds, and productivity of the soil so as to prevent discrimination among the administrative areas of the county.

(g) *For 1938, 1939, and each subsequent year<sup>45</sup> an acreage equal to 4 per centum of the State acreage allotment shall be apportioned by the Secretary, to counties and farms in the State receiving allotments under this Part, in the following manner:*

(1) *An amount of the additional allotment provided for in this subsection sufficient to allot to each farm the acreage allotments provided for in subparagraphs (A) (B) of paragraph (1) of subsection (d) of this section shall be used for making such acreage allotments as therein provided.*

(2) *In counties in which the allotment is not sufficient to provide adequate and representative allotments to other farms in the county as a result of the allotments required by section 344 (d)*

*(1) (A) and (B), an additional acreage shall be allotted to such farms to make the allotment to each of such farms as nearly equal to the allotment which would have been made to such farms in the absence of the provisions of (A) and (B) of subsection 344 (d)*

*(1) as the remainder of the 4 per centum will permit.*

<sup>42</sup> The italicized figure "(1)" and all of subsection (e) (2) were added by sec. 9 (c) of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 203, Title 7 U. S. C., sec. 1344 (e).

<sup>43</sup> The italicized words "For 1938, 1939, and any subsequent year" were inserted in lieu of "For 1938 and 1939," by Public, No. 149, 76th Cong., approved June 22, 1939, 53 Stat. 853, Title — U. S. C., sec. —.

<sup>44</sup> See footnote 42.

<sup>45</sup> The words and figures "For 1938, 1939, and each subsequent year" were inserted in lieu of the words "For each of the years 1938 and 1939" by Public, No. 149, 76th Cong., approved June 22, 1939, 53 Stat. 854, Title — U. S. C., sec. —.



(3) After making the allotments provided for in paragraphs (1) and (2) of this subsection the remainder of the 4 per centum may be apportioned in amounts determined by the Secretary to be fair and reasonable to farms or counties receiving allotments which the Secretary determines are inadequate and not representative in view of past production of cotton on the farm or in the county.<sup>46</sup>

(h) Notwithstanding any other provisions of this section, the cotton acreage allotment for any farm for 1938, 1939, and each subsequent year,<sup>47</sup> after making the allotments provided in subsection (g), shall be increased in such amount as may be necessary to provide an allotment of not less than 50 per centum of the sum of the acreage planted in cotton in 1937 and the acreage diverted from cotton production in 1937 under the agricultural conservation program, as determined for each farm in accordance with regulations prescribed by the Secretary and for any crop year<sup>48</sup> any part of the acreage allotted to individual farms in the State which it is determined, in accordance with regulations prescribed by the Secretary, will not be planted to cotton in the year for which the allotment is made, shall be deducted from the allotments to such farms and may be apportioned, in amounts determined by the Secretary to be fair and reasonable, preference being given to farms in the same county receiving allotments which the Secretary determines are inadequate and not representative in view of the past production of cotton and the acreage diverted from the production of cotton on such farms under the agricultural conservation program in the immediately preceding year: Provided, That any such transfer of allotment<sup>49</sup> shall not affect apportionment for any subsequent year:<sup>50</sup> Provided, That this subsection shall not operate to raise the cotton acreage of any farm above 40 per centum of the acreage on such farm which is tilled annually or in regular rotation, as determined under regulations prescribed by the Secretary.<sup>51</sup>

(i) The acreage required for apportionment under subsection (g) and (h) shall be in addition to the State acreage allotment, and the production of such acreage shall be in addition to the national allotment.<sup>51 52</sup>

<sup>46</sup> This subsection (g) was added by sec. 9 (d) of the act entitled "An Act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 203, Title 7 U. S. C., sec. 1344 (g).

<sup>47</sup> The words "for 1938, 1939, and each subsequent year" were inserted in lieu of the words "each of the years 1938 and 1939" by Public, No. 149, cited in footnote 45 above.

<sup>48</sup> The words "For any crop year" were inserted in lieu of the words "for the crop year 1938" by Public, No. 6, 76th Cong., approved March 13, 1939, 53 Stat. 512, Title — U. S. C., sec. —.

<sup>49</sup> The words "for 1938" were eliminated by Public, No. 6, 76th Cong., approved March 13, 1939, 52 Stat. 512, Title — U. S. C., sec. —.

<sup>50</sup> The portion beginning with the words "and for any crop year any part of the acreage \* \* \*" (except the words "for any crop year" for which see footnote 45) and terminating with the words "apportionment for any subsequent year" (except the words "for 1938" for which see footnote 50) was added by Sec. 1 of Public, No. 557, 75th Cong., approved May 31, 1938, 52 Stat. 586, Title 7 U. S. C., sec. 1344 (h).

<sup>51</sup> The matter italicized in this subsection (h) and the whole of subsection (i) were added by sec. 9 (d) of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 203, Title 7 U. S. C., sec. 1344 (i).

<sup>52</sup> Notwithstanding the provisions of sec. 344 (h), " \* \* \* hereafter such allotment of acreage in quantities shall be to such farms as the county committee of such county may designate. In making such designation, the county committee shall consider only the character and adaptability of soil and other physical facilities affecting the production of cotton and the need of operator for an additional allotment to meet the requirement of the families engaged in the production of cotton on the farm in such year.", under the terms of Public, No. 6, 76th Cong., approved March 13, 1939, cited in footnote 48, *supra*.

MARKETING QUOTAS

SEC. 345. Whenever the Secretary determines that the total supply of cotton for any marketing year exceeds by more than 7 per centum the normal supply thereof for such marketing year, the Secretary shall proclaim such fact not later than November 15 of such marketing year (or, in case of the marketing year 1937-1938, within ten days after the date of enactment of this Act), and marketing quotas shall be in effect during the next succeeding marketing year with respect to the marketing of cotton. Cotton produced in the calendar year in which such marketing year begins shall be subject to the quotas in effect for such marketing year notwithstanding that it may be marketed prior to August 1.<sup>53</sup>

AMOUNT OF FARM MARKETING QUOTAS

SEC. 346. (a) The farm marketing quota for cotton for any farm for any marketing year shall be a number of bales of cotton equal to the sum of—

(1) A number of bales equal to the normal production or the actual production, whichever is the greater, of the farm acreage allotment, and

(2) A number of bales equal to the amount, or part thereof, of cotton from any previous crop which the farmer has on hand, which, had such amount, or part thereof, been marketed during the preceding marketing year in addition to the cotton actually marketed during such preceding marketing year, could have been marketed without penalty.

(b) The penalties provided for in section 348 shall not apply to the marketing of cotton produced on any farm for which a farm acreage allotment has been made for the current crop if the production of the current crop does not exceed one thousand pounds of lint cotton.

REFERENDUM

SEC. 347. Not later than December 15 of any calendar year in which a proclamation of farm marketing quotas pursuant to the provisions of this Part has been made, the Secretary shall conduct a referendum, by secret ballot, of farmers who were engaged in production of the crop harvested prior to the holding of the referendum to determine whether they favor or oppose such quotas. If more than one-third of the farmers voting in the referendum oppose such quotas, the Secretary shall, prior to the end of such calendar year, proclaim the result of the referendum, and upon such proclamation the quotas shall become ineffective. If a proclamation under section 345 is made with respect to the 1938 crop, the referendum with respect to such crop shall

<sup>53</sup> Sec. 19 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 202. Title 7 U. S. C., sec. 1311 (f), provides as follows:

"The proclamation heretofore issued by the Secretary of Agriculture under sections 312 (a), 327, 328, and 345 of the Agricultural Adjustment Act of 1938 shall be effective as provided in said sections, and no provision of any amendment made by this Act shall be construed as requiring any further action under section 312 (c) or 347 of the Agricultural Adjustment Act of 1938 with respect to marketing years beginning in 1938."

be held not later than thirty days after the date of the enactment of this Act and the result thereof shall be proclaimed not later than forty-five days after such date.<sup>54</sup>

#### PENALTIES

SEC. 348. Any farmer who, while farm marketing quotas are in effect, markets cotton in excess of the farm marketing quota for the marketing year for the farm on which such cotton was produced, shall be subject to the following penalties with respect to the excess so marketed: 2 cents per pound if marketed during the first marketing year when farm marketing quotas are in effect; and 3 cents per pound if marketed during any subsequent year, except that the penalty shall be 2 cents per pound if cotton of the crop subject to penalty in the first year is marketed subject to penalty in any subsequent year.

#### INELIGIBILITY FOR PAYMENTS

SEC. 349. (a) Any person who knowingly plants cotton on his farm in any year on acreage in excess of the farm acreage allotment for cotton for the farm for such year under section 344 shall not be eligible for any payment for such year under the Soil Conservation and Domestic Allotment Act, as amended.

(b) *All persons applying for any payment of money under the Soil Conservation and Domestic Allotment Act, as amended, with respect to any farm located in a county in which cotton has been planted during the year for which such payment is offered, shall file with the application a statement that the applicant has not knowingly planted, during the current year, cotton on land on his farm in excess of the acreage allotted to the farm under section 344 for such year.*<sup>55</sup>

#### LONG STAPLE COTTON

SEC. 350. The provisions of this Part shall not apply to cotton the staple of which is 1½ inches or more in length.

#### PART V.—MARKETING QUOTAS—RICE

#### LEGISLATIVE FINDINGS

SEC. 351. (a) The marketing of rice constitutes one of the great basic industries of the United States with ramifying activities which directly affect interstate and foreign commerce at every point, and stable conditions therein are necessary to the general welfare. Rice produced for market is sold on a Nation-wide market, and, with its

<sup>54</sup> See footnote 53.

<sup>55</sup> This subsection (b) was substituted by sec. 10 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 204, Title 7 U. S. C., sec. 1349 (b), in lieu of the following subsection:

"(b) All persons applying for any payment of money under the Soil Conservation and Domestic Allotment Act, as amended, shall file with the application a statement verified by affidavit that the applicant has not knowingly planted, during the current year, cotton on land on his farm in excess of the acreage allotted to the farm under section 344 for such year. Any person who knowingly swears falsely in any statement required under this subsection shall be guilty of perjury."



products, moves almost wholly in interstate and foreign commerce from the producer to the ultimate consumer. The farmers producing such commodity are subject in their operations to uncontrollable natural causes, in many cases such farmers carry on their farming operations on borrowed money or leased lands, and are not so situated as to be able to organize effectively, as can labor and industry, through unions and corporations enjoying Government sanction and protection for joint economic action. For these reasons, among others, the farmers are unable without Federal assistance to control effectively the orderly marketing of such commodity with the result that abnormally excessive supplies thereof are produced and dumped indiscriminately on the Nation-wide market.

(b) The disorderly marketing of such abnormally excessive supplies affects, burdens, and obstructs interstate and foreign commerce by (1) materially affecting the volume of such commodity marketed therein, (2) disrupting the orderly marketing of such commodity therein, (3) reducing the prices for such commodity with consequent injury and destruction of such commerce in such commodity, and (4) causing a disparity between the prices for such commodity in interstate and foreign commerce and industrial products therein, with a consequent diminution of the volume of interstate and foreign commerce in industrial products.

(c) Whenever an abnormally excessive supply of rice exists, the marketing of such commodity by the producers thereof directly and substantially affects interstate and foreign commerce in such commodity and its products, and the operation of the provisions of this Part becomes necessary and appropriate in order to promote, foster, and maintain an orderly flow of such supply in interstate and foreign commerce.

#### NATIONAL ACREAGE ALLOTMENT

SEC. 352. The national acreage allotment of rice for any calendar year shall be that acreage which the Secretary determines will, on the basis of the national average yield of rice for the five calendar years immediately preceding the calendar year for which such national average yield is determined, produce an amount of rice adequate, together with the estimated carry-over from the marketing year ending in such calendar year, to make available a supply for the marketing year commencing in such calendar year not less than the normal supply. Such national acreage allotment shall be proclaimed not later than December 31 of each year.

#### APPORTIONMENT OF NATIONAL ACREAGE ALLOTMENT

SEC. 353. (a) The national acreage allotment of rice for each calendar year shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the average number of acres of rice in each State during the five-year period immediately preceding the calendar year for which such national acreage allotment of rice is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs) with adjustments for trends in acreage during the applicable period.

(b) Not less than 97 per centum of the acreage allotted to any State shall be apportioned annually by the Secretary through local and State committees of farmers among the persons producing rice within such State on the basis of past production of rice; land, labor, and available equipment for the production of rice; crop-rotation practices, soil fertility, and other physical factors affecting the production of rice: *Provided*, That not exceeding 3 per centum of the acreage allotted to each State shall be apportioned annually by the Secretary through local and State committees of farmers among persons who for the first time in the past five years are producing rice on the basis of the applicable standards of apportionment set forth in this subsection: *Provided further*, That a person producing rice for the first time in five years shall not be allotted an acreage in excess of 75 per centum of the allotment that would be made to him if he were not producing rice for the first time in such five years.

#### DOMESTIC ALLOTMENT OF RICE

SEC. 354. (a) Not later than December 31 of each year the Secretary shall ascertain from the latest available statistics of the Department and shall proclaim the total amount of rice which will be needed during the next succeeding marketing year to meet the requirements of consumers in the United States. Such amount is hereinafter referred to as the "domestic allotment of rice".

(b) The domestic allotment of rice for each marketing year shall be apportioned by the Secretary among the several States in which rice is produced in proportion to the average amount of rice produced in each State during the five-year period including the calendar year in which such domestic allotment is announced (plus, in applicable years, the normal production of any acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during the applicable period.

(c) The Secretary shall provide, through local and State committees of farmers, for the allotment of each State apportionment among persons producing rice in such State. The apportionment of the domestic allotment of rice among persons producing rice in each State shall be on the basis of the aggregate normal yields of the acreage allotments established with respect to such persons.

#### MARKETING QUOTAS

SEC. 355. (a) If at the time of any proclamation made under the provisions of section 354 (a) it shall appear from the latest available statistics of the Department that the total supply of rice exceeds the normal supply thereof for the current marketing year by more than 10 per centum of such normal supply, the Secretary shall also proclaim that, beginning on the first day of the marketing year next following and continuing throughout such year a national marketing quota shall be in effect for marketings of rice by producers: *Provided*, That no marketing quota shall be in effect for the marketing year commencing August 1, 1938. The Secretary shall also ascertain and specify in such proclamation the amount of the national marketing

quota in terms of the total quantity thereof which may be marketed by producers which shall be that amount of rice which the Secretary determines will make available during such marketing year a normal supply.

(b) Within thirty days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum, by secret ballot, of producers who would be subject to the national marketing quota for rice to determine whether such producers are in favor of or opposed to such quota. If more than one-third of the producers voting in the referendum oppose such quota, the Secretary shall, prior to the 15th day of February, proclaim the result of the referendum, and such quota shall not become effective.

(c) The national marketing quota shall be apportioned among States and persons producing rice in each State, including new producers, in the manner and upon the basis set forth in section 354 for the apportionment of the domestic allotment of rice.

(d) Marketing quotas may be transferred only in such manner and subject to such conditions as the Secretary may prescribe by regulations.

#### PENALTIES

SEC. 356. Any producer who markets rice in excess of his marketing quota shall be subject to a penalty of one-quarter of 1 cent per pound of the excess so marketed.

### SUBTITLE C—ADMINISTRATIVE PROVISIONS

#### PART I.—PUBLICATION AND REVIEW OF QUOTAS

##### APPLICATION OF PART

SEC. 361. This Part shall apply to the publication and review of farm marketing quotas established for tobacco, corn, wheat, cotton, and rice, established under subtitle B.

##### PUBLICATION AND NOTICE OF QUOTA

SEC. 362. All acreage allotments, and the farm marketing quotas established for farms in a county or other local administrative area shall, in accordance with regulations of the Secretary, be made and kept freely available for public inspection in such county or other local administrative area. An additional copy of this information shall be kept available in the office of the county agricultural extension agent or with the chairman of the local committee. Notice of the farm marketing quota of his farm shall be mailed to the farmer.

##### REVIEW BY REVIEW COMMITTEE

SEC. 363. Any farmer who is dissatisfied with his farm marketing quota may, within fifteen days after mailing to him of notice as provided in section 362, have such quota reviewed by a local review committee composed of three farmers appointed by the Secretary. Such committee shall not include any member of the local committee which determined the farm acreage allotment, the normal yield, or the farm



marketing quota for such farm. Unless application for review is made within such period, the original determination of the farm marketing quota shall be final.

#### REVIEW COMMITTEE

SEC. 364. The members of the review committee shall receive as compensation for their services the same per diem as that received by the members of the committee utilized for the purposes of the Soil Conservation and Domestic Allotment Act, as amended. The members of the review committee shall not be entitled to receive compensation for more than thirty days in any one year.

#### INSTITUTION OF PROCEEDINGS

SEC. 365. If the farmer is dissatisfied with the determination of the review committee, he may, within fifteen days after a notice of such determination is mailed to him by registered mail, file a bill in equity against the review committee as defendant in the United States district court, or institute proceedings for review in any court of record of the State having general jurisdiction, sitting in the county or the district in which his farm is located, for the purpose of obtaining a review of such determination. Bond shall be given in an amount and with surety satisfactory to the court to secure the United States for the costs of the proceeding. The bill of complaint in such proceeding may be served by delivering a copy thereof to any one of the members of the review committee. Thereupon the review committee shall certify and file in the court a transcript of the record upon which the determination complained of was made, together with its findings of fact.

#### COURT REVIEW

SEC. 366. The review by the court shall be limited to questions of law, and the findings of fact by the review committee, if supported by evidence, shall be conclusive. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the review committee, the court may direct such additional evidence to be taken before the review committee in such manner and upon such terms and conditions as to the court may seem proper. The review committee may modify its findings of fact or its determination by reason of the additional evidence so taken, and it shall file with the court such modified findings or determination, which findings of fact shall be conclusive. At the earliest convenient time, the court, in term time or vacation, shall hear and determine the case upon the original record of the hearing before the review committee, and upon such record as supplemented if supplemented, by further hearing before the review committee pursuant to direction of the court. The court shall affirm the review committee's determination, or modified determination, if the court determines that the same is in accordance with law. If the court determines that such determination or modified determination is not in accordance with

law, the court shall remand the proceeding to the review committee with direction either to make such determination as the court shall determine to be in accordance with law or to take such further proceedings as, in the court's opinion, the law requires.

#### STAY OF PROCEEDINGS AND EXCLUSIVE JURISDICTION

SEC. 367. The commencement of judicial proceedings under this Part shall not, unless specifically ordered by the court, operate as a stay of the review committee's determination. Notwithstanding any other provision of law, the jurisdiction conferred by this Part to review the legal validity of a determination made by a review committee pursuant to this Part shall be exclusive. No court of the United States or of any State shall have jurisdiction to pass upon the legal validity of any such determination except in a proceeding under this Part.

#### NO EFFECT ON OTHER QUOTAS

SEC. 368. Notwithstanding any increase of any farm marketing quota for any farm as a result of review of the determination thereof under this Part, the marketing quotas for other farms shall not be affected.

### PART II.—ADJUSTMENT OF QUOTAS AND ENFORCEMENT

#### GENERAL ADJUSTMENTS OF QUOTAS

SEC. 371. (a) If at any time the Secretary has reason to believe that in the case of corn, wheat, cotton, rice, or tobacco the operation of farm marketing quotas in effect will cause the amount of such commodity which is free of marketing restrictions to be less than the normal supply for the marketing year for the commodity then current, he shall cause an immediate investigation to be made with respect thereto. In the course of such investigation due notice and opportunity for hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same forthwith. He shall also in such proclamation specify such increase in, or termination of, existing quotas as he finds, on the basis of such investigation, is necessary to make the amount of such commodity which is free of marketing restrictions equal the normal supply.

(b) If the Secretary has reason to believe that, because of a national emergency or because of a material increase in export demand, any national marketing quota for corn, wheat, cotton, rice, or tobacco should be increased or terminated, he shall cause an immediate investigation to be made to determine whether the increase or termination is necessary in order to effectuate the declared policy of this Act or to meet such emergency or increase in export demand. If, on the basis of such investigation, the Secretary finds that such increase or termination is necessary, he shall immediately proclaim such finding (and if he finds an increase is necessary, the amount of the increase found by him to be necessary) and thereupon such quota shall be increased, or shall terminate, as the case may be.

(c) In case any national marketing quota for any commodity is increased under this section, each farm marketing quota for the commodity shall be increased in the same ratio.

(d) In the case of corn, whenever such proclamation specifies an increase in marketing quotas, the storage amounts applicable to corn shall be adjusted downward to the amount which would have been required to be stored if such increased marketing quotas had been in effect. Whenever in the case of corn, such proclamation provides for termination of marketing quotas, storage under seal shall no longer be required.

#### PAYMENT AND COLLECTION OF PENALTIES

SEC. 372. (a) The penalty with respect to the marketing, by sale, of wheat, cotton, or rice, if the sale is to any person within the United States, shall be collected by the buyer.

(b) All penalties provided for in Subtitle B shall be collected and paid in such manner, at such times, and under such conditions as the Secretary may by regulations prescribe. Such penalties shall be remitted to the Secretary by the person liable for the penalty, except that if any other person is liable for the collection of the penalty, such other person shall remit the penalty. The amount of such penalties shall be covered into the general fund of the Treasury of the United States.

(c) *Whenever, pursuant to a claim filed with the Secretary within one year after payment to him of any penalty collected from any person pursuant to this Act, the Secretary finds that such penalty was erroneously, illegally, or wrongfully collected, the Secretary shall certify to the Secretary of the Treasury for payment to the claimant, in accordance with regulations prescribed by the Secretary of the Treasury, such amount as the Secretary finds the claimant is entitled to receive as a refund of such penalty.*

*The Secretary is authorized to prescribe regulations governing the filing of such claims and the determination of such refunds.*<sup>56</sup>

(d) *No penalty shall be collected under this Act with respect to the marketing of any agricultural commodity grown for experimental purposes only by any publicly owned agricultural experiment station.*<sup>56</sup>

#### REPORTS AND RECORDS

SEC. 373. (a) This subsection shall apply to warehousemen, processors, and common carriers of corn, wheat, cotton, rice, or tobacco, and all ginnerers of cotton, all persons engaged in the business of purchasing corn, wheat, cotton, rice, or tobacco from producers, and all persons engaged in the business of redrying, prizing, or stemming tobacco for producers. Any such person shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the

<sup>56</sup> The italicized subsections were added by sec. 11 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 204, Title 7 U. S. C., sec. 1372 (d).



correctness of any report made or record kept, or of obtaining information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any record as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500.

(b) Farmers engaged in the production of corn, wheat, cotton, rice, or tobacco for market shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as the Secretary may prescribe as necessary for the administration of this title.

(c) All data reported to or acquired by the Secretary pursuant to this section shall be kept confidential by all officers and employees of the Department, and only such data so reported or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing under this title.

#### MEASUREMENT OF FARMS AND REPORT OF PLANTINGS

SEC. 374. The Secretary shall provide, through the county and local committees, for measuring farms on which corn, wheat, cotton, or rice is produced and for ascertaining whether the acreage planted for any year to any such commodity is in excess of the farm acreage allotment for such commodity for the farm under this title. If in the case of any farm the acreage planted to any such commodity on the farm is in excess of the farm acreage allotment for such commodity for the farm, the committee shall file with the State committee a written report stating the total acreage on the farm in cultivation and the acreage planted to such commodity.

#### REGULATIONS

SEC. 375. (a) The Secretary shall provide by regulations for the identification, wherever necessary, of corn, wheat, cotton, rice, or tobacco so as to afford aid in discovering and identifying such amounts of the commodities as are subject to and such amounts thereof as are not subject to marketing restrictions in effect under this title.

(b) The Secretary shall prescribe such regulations as are necessary for the enforcement of this title.

#### COURT JURISDICTION

SEC. 376. The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of this title. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided in this title. The remedies and penalties provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law.

## SUBTITLE D—MISCELLANEOUS PROVISIONS AND APPROPRIATIONS

## PART I.—MISCELLANEOUS

## COTTON PRICE ADJUSTMENT PAYMENTS

SEC. 381. (a) For the purposes of the provisions (relating to cotton price adjustment payments with respect to the 1937 cotton crop) of the Third Deficiency Appropriation Act, fiscal year 1937, a producer shall be deemed to have complied with the provisions of the 1938 agricultural adjustment program formulated under the legislation contemplated by Senate Joint Resolution Numbered 207, Seventy-fifth Congress, if his acreage planted to cotton in 1938 does not exceed his farm acreage allotment for 1938 under the Soil Conservation and Domestic Allotment Act, as amended (including the amendments made by this Act), or under section 344 of this Act, whichever is the lesser. For the purposes of this subsection a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded his farm acreage allotment. Such compliance shall not be required in any case where the producer is not engaged in cotton production in 1938. *In cases where in 1937 a total or partial crop failure resulted from hail, drought, flood, or boll-weevil infestation, or where any part of a producer's 1937 cotton crop was destroyed after the harvesting thereof by fire or other unavoidable natural cause, if the producer is otherwise eligible for payment, payment shall be made at the same rate per pound on the same percentage of the producer's normal base production established by the Secretary as in the case of other producers.*<sup>57</sup> For the purpose of such provisions of the Third Deficiency Appropriation Act, fiscal year 1937, cotton not sold prior to July 1, 1938, shall be held and considered to have been sold on June 30, 1938, and all applications for price adjustment payments shall be filed with the Secretary not later than July 15, 1938. Such payments shall be made at the earliest practicable time. Application for payment may be made by the 1937 operator of a farm on behalf of all persons engaged in cotton production on the farm in 1937 and need be signed only by such operator, but payment shall be made directly to each of the persons entitled thereto. In case any person who is entitled to payment hereunder dies, becomes incompetent, or disappears before receiving such payment or is succeeded by another who renders or completes the required performance, payment shall, without regard to any other provisions of law, be made as the Secretary may determine to be fair and reasonable in all the circumstances and provide by regulations.

(b) Any producer for whom a loan has been made or arranged for by the Commodity Credit Corporation on cotton of his 1937 crop and who has complied with all the provisions of the loan agreement

<sup>57</sup> The italicized words were substituted by sec. 12 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 204, Title 7 U. S. C., sec. 1381, in lieu of the following: "In cases where in 1937 a total or partial crop failure resulted from hail, drought, flood, or boll-weevil infestation, if the producer is otherwise eligible for payment, payment shall be made at the rate of 3 cents per pound on the same percentage of the producer's normal base production established by the Secretary as in the case of other producers."

For supplemental legislation see next to last proviso to the item entitled "Conservation and Use of Agricultural Land Resources, Department of Agriculture", Department of Agriculture Appropriation Act, 1939, *infra*, page 89.

except section 8 thereof, may, at any time before July 1, 1938, transfer his right, title, and interest in and to such cotton to the Corporation; and the Corporation is authorized and directed to accept such right, title, and interest in and to such cotton and to assume all obligations of the producer with respect to the loan on such cotton, including accrued interest and accrued carrying charges to the date of such transfer. The Corporation shall notify the Secretary of Agriculture of each such transfer, and upon receipt of such notice, the Secretary shall as soon as compliance is shown, or a national marketing quota for cotton is put into effect, forthwith pay to such producer a sum equal to 2 cents per pound of such cotton, and the amount so paid shall be deducted from any price adjustment payment to which such producer is entitled.

(c) The Commodity Credit Corporation is authorized on behalf of the United States to sell any cotton of the 1937 crop so acquired by it, but no such cotton or any other cotton held on behalf of the United States shall be sold unless the proceeds of such sale are at least sufficient to reimburse the United States for all amounts (including any price-adjustment payment) paid out by any of its agencies with respect to the cotton so sold. After July 31, 1939, the Commodity Credit Corporation shall not sell more than three hundred thousand bales of cotton in any calendar month, or more than one million five hundred thousand bales in any calendar year. The proceeds derived from the sale of any such cotton shall be used for the purpose of discharging the obligations assumed by the Commodity Credit Corporation with respect to such cotton, and any amounts not expended for such purpose shall be covered into the Treasury as miscellaneous receipts.<sup>58</sup>

<sup>58</sup> PUBLIC RESOLUTION—No. 52—76TH CONGRESS: "To authorize the sale of surplus agricultural commodities, and for other purposes. *Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That notwithstanding any other provision of law, the Commodity Credit Corporation, with the approval of the President, is authorized to sell surplus agricultural commodities, acquired by such Corporation through its loan operations, to foreign governments on the condition that, except for rotation to prevent deterioration, such commodities shall be held in reserve by such governments for a period of not less than five years from the date of acquisition, and shall not be disposed of unless a war or war emergency results in a serious interruption of normal supplies of such commodities: *Provided*, That under this joint resolution no concession below the prevailing world market price for the unrestricted use of such commodities, as determined by the Secretary of Agriculture, shall be granted, in consideration of the obligation assumed by such governments to hold such commodities in reserve as required hereinbefore, in excess of a maximum amount equal to the average carrying charges, as estimated by the Secretary of Agriculture, that would be incurred if such commodities should be held for an additional eighteen months' period by the Commodity Credit Corporation. In determining specific cotton to be sold under this Act, the determination shall be made by sampling and selection at the place where the cotton is stored on the date of signing any sales agreement or contract under this Act, and no cotton shall be sold under any such sales agreement or contract which, after such date, is transported to any other place and there sampled and selected: *Provided further*, That in case of a sale, settlement must be made within sixty days after delivery and not more than five hundred thousand bales of cotton shall be sold upon the terms and conditions provided in this joint resolution." Approved, August 11, 1939.

PUBLIC—No. 387—76TH CONGRESS: "An Act to facilitate the execution of arrangements for the exchange of surplus agricultural commodities produced in the United States for reserve stocks of strategic and critical materials produced abroad. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That, notwithstanding any other provision of law, whenever the President, by and with the advice and consent of the Senate, has concluded a treaty involving the exchange of surplus agricultural commodities produced in the United States which are held under loans made or made available by the Commodity Credit Corporation for stocks of strategic and critical materials produced abroad, the Commodity Credit Corporation is authorized, upon terms and conditions prescribed by the Secretary of Agriculture, to accept such strategic and critical materials in exchange for such surplus agricultural commodities; and for the purchase of such exchange the Secretary of War, the Secretary of the Navy, and the Secretary of the Interior acting jointly through the agency of the Army and Navy Munitions Board shall determine which materials are strategic and critical and the quantity and quality of such materials. In order to carry out the provisions of this Act, the Commodity Credit Corporation is authorized, upon terms and conditions prescribed by the Secretary of Agriculture, to procure, convey, transport, handle, store, maintain, or rotate such surplus agri-



## EXTENSION OF 1937 COTTON LOAN

SEC. 382. The Commodity Credit Corporation is hereby authorized and directed to provide for the extension, from July 31, 1938, to July 31, 1939, of the maturity date of all notes evidencing a loan made or arranged for by the Corporation on cotton produced during the crop year 1937-1938. This section shall not be construed to prevent the sale of any such cotton on request of the person liable on the note.

## INSURANCE OF COTTON AND RECONCENTRATION OF COTTON

SEC. 383. (a) The Commodity Credit Corporation shall place all insurance of every nature taken out by it on cotton, and all renewals, extensions, or continuations of existing insurance, with insurance agents who are bona fide residents of and doing business in the State where the cotton is warehoused: *Provided*, That such insurance may be secured at a cost not greater than similar insurance offered on said cotton elsewhere.

(b) Cotton held as security for any loan heretofore or hereafter made or arranged for by the Commodity Credit Corporation shall not hereafter be reconcentrated without the written consent of the producer or borrower.<sup>59</sup>

## REPORT OF BENEFITS

SEC. 384. The Secretary shall submit to Congress an annual report of the names of persons to whom, during the preceding year, payments were made under the Soil Conservation and Domestic Allotment Act, as amended, together with payments under section 303 of this Act, if any, if the total amount paid to such person exceeded \$1,000.

## FINALITY OF FARMERS' PAYMENTS AND LOANS

SEC. 385. The facts constituting the basis for any Soil Conservation Act payment, parity payment, or loan, or the amount thereof, when

cultural commodities, and such reserve stocks of strategic and critical materials, as may be necessary to accomplish the purposes of this Act.

The Commodity Credit Corporation is authorized and directed to transfer to warehouses in or near cotton manufacturing centers in New England not to exceed three hundred thousand bales of cotton, to which it now has title or may hereafter acquire title, having regard for the grades and staples customarily required by manufacturers in that area: *Provided*, That all necessary costs in connection with such transfer will not result in additional net cost to the Corporation.

In determining specific cotton to be exchanged under this Act, the determination shall be made by sampling and selection at the place where the cotton is stored on the date of ratification of a treaty providing for such exchange, and no cotton shall be exchanged under such treaty which, after such date, is transported to another place and there sampled and selected. Such reserve stocks of strategic and critical materials shall be stored on military or naval reservations or in other locations approved by the Secretary of War and the Secretary of the Navy. The Commodity Credit Corporation is authorized to transfer such reserve stocks of strategic and critical materials, upon such terms and conditions as the Secretary of Agriculture shall approve, to any other governmental agency. Such reserve stocks or strategic and critical materials shall be made available or disposed of by the Commodity Credit Corporation or other governmental agency only upon order of the President in accordance with the terms of the applicable treaty; when necessary to prevent deterioration, the Commodity Credit Corporation or other governmental agency is authorized to replace those quantities of the reserve stocks of such strategic and critical materials subject to deterioration with equivalent quantities of the same materials. The funds now or hereafter made available to the Commodity Credit Corporation are hereby made available to carry out the purposes of this Act. There is hereby authorized to be appropriated such additional sums as may be required to carry out the provisions of this Act. All funds for carrying out the provisions of this Act shall be available for allotment to bureaus and offices of the Department of Agriculture, and for transfer to such other agencies of the Federal Government as the Secretary of Agriculture may request to cooperate or assist in carrying out the provisions of this Act." Approved, August 11, 1939.

<sup>59</sup> For supplemental legislation, see *infra*, page 100.

officially determined in conformity with the applicable regulations prescribed by the Secretary or by the Commodity Credit Corporation, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government.

SEC. 386. The provisions of section 3741 of the Revised Statutes (U. S. C., 1934 edition, title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States (U. S. C., 1934 edition, title 18, secs. 204 and 205) shall not be applicable to loans or payments made under this Act (except under section 383 (a)).<sup>60</sup>

#### PHOTOGRAPHIC REPRODUCTIONS AND MAPS

SEC. 387. The Secretary may furnish reproductions of such aerial or other photographs, mosaics, and maps as have been obtained in connection with the authorized work of the Department to farmers and governmental agencies at the estimated cost of furnishing such reproductions, and to persons other than farmers at such prices (not less than estimated cost of furnishing such reproductions) as the Secretary may determine, the money received from such sales to be deposited in the Treasury to the credit of the appropriation charged with the cost of making such reproductions. This section shall not affect the power of the Secretary to make other disposition of such or similar materials under any other provisions of existing law.

#### UTILIZATION OF LOCAL AGENCIES

SEC. 388. (a) The provisions of section 8 (b) and section 11 of the Soil Conservation and Domestic Allotment Act, as amended, relating to the utilization of State, county, local committees, the extension service, and other approved agencies, and to recognition and encouragement of cooperative associations, shall apply in the administration of this Act; and the Secretary shall, for such purposes, utilize the same local, county, and State committees as are utilized under sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended. The local administrative areas designated under section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, for the administration of programs under that Act, and the local administrative areas designated for the administration of this Act shall be the same.

(b) The Secretary is authorized and directed, from any funds made available for the purposes of the Acts in connection with which county committees are utilized, to make payments to county committees of farmers to cover the estimated administrative expenses incurred or to be incurred by them in cooperating in carrying out the provisions of such Acts. All or part of such estimated administrative expenses of any such committee may be deducted pro rata from the Soil Conservation Act payments, parity payments, or loans, or other payments under such Acts, made unless payment of such expenses is otherwise provided by law. The Secretary may make such payments to such committees in advance of determination of performance by farmers.

<sup>60</sup> The legislation cited concerns interests of Members of Congress in public contracts.

## PERSONNEL

SEC. 389. The Secretary is authorized and directed to provide for the execution by the Agricultural Adjustment Administration of such of the powers conferred upon him by this Act as he deems may be appropriately exercised by such Administration; and for such purposes the provisions of law applicable to appointment and compensation of persons employed by the Agricultural Adjustment Administration shall apply.

## SEPARABILITY

SEC. 390. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the Act and the application of such provision to other persons or circumstances, and the provisions of the Soil Conservation and Domestic Allotment Act, as amended, shall not be affected thereby. Without limiting the generality of the foregoing, if any provision of this Act should be held not to be within the power of the Congress to regulate interstate and foreign commerce, such provision shall not be held invalid if it is within the power of the Congress to provide for the general welfare or any other power of the Congress. If any provision of this Act for marketing quotas with respect to any commodity should be held invalid, no provision of this Act for marketing quotas with respect to any other commodity shall be affected thereby. If the application of any provision for a referendum should be held invalid, the application of other provisions shall not be affected thereby. If by reason of any provision for a referendum the application of any such other provision to any person or circumstance is held invalid, the application of such other provision to other persons or circumstances shall not be affected thereby.

## PART II.—APPROPRIATIONS AND ADMINISTRATIVE EXPENSES

## APPROPRIATIONS

SEC. 391. (a) Beginning with the fiscal year ending June 30, 1938, there is hereby authorized to be appropriated, for each fiscal year for the administration of this Act and for the making of soil conservation and other payments such sums as Congress may determine, in addition to any amount made available pursuant to section 15 of the Soil Conservation and Domestic Allotment Act, as amended.

(b) For the administration of this Act (including the provisions of title V) during the fiscal year ending June 30, 1938, there is hereby authorized to be made available from the funds appropriated for such fiscal year for carrying out the purposes of sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, as amended, a sum not to exceed \$5,000,000.

## ADMINISTRATIVE EXPENSES

SEC. 392. (a) The Secretary is authorized and directed to make such expenditures as he deems necessary to carry out the provisions of this Act, including personal services and rents in the District of



Columbia and elsewhere, traveling expenses (including the purchase, maintenance, and repair of passenger-carrying vehicles), supplies and equipment, law books, books of reference, directories, periodicals, and newspapers.

(b) In the administration of this title, sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, and section 32, as amended, of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935, the aggregate amount expended in any fiscal year, beginning with the fiscal year ending June 30, 1939, for administrative expenses in the District of Columbia, including regional offices, shall not exceed 1 per centum of the total amount available for such fiscal year for carrying out such Acts, and the aggregate amount expended in any fiscal year for administrative expenses in the several States (not including the expenses of county and local committees) shall not exceed 2 per centum of the total amount available for such fiscal year for carrying out such Acts. In the event any administrative expenses of any county or local committee are deducted in any fiscal year, beginning with the fiscal year ending June 30, 1939, from Soil Conservation Act payments, parity payments, or loans, each farmer receiving benefits under such provisions shall be appraised, in the form of a statement to accompany the check evidencing such benefit payment or loan, of the amount or percentage deducted from such benefit payment or loan on account of such administrative expenses. The names and addresses of the members and employees of any county or local committee, and the amount of such compensation received by each of them, shall be posted annually in a conspicuous place in the area within which they are employed.

#### ALLOTMENT OF APPROPRIATIONS

SEC. 393. All funds for carrying out the provisions of this Act shall be available for allotment to bureaus and offices of the Department, and for transfer to such other agencies of the Federal Government, and to such State agencies, as the Secretary may request to cooperate or assist in carrying out the provisions of this Act.

#### TITLE IV—COTTON POOL PARTICIPATION TRUST CERTIFICATES

SEC. 401. There is hereby authorized to be appropriated, from any moneys in the Treasury of the United States not otherwise appropriated, the sum of \$1,800,000, or so much thereof as may be required by the Secretary to accomplish the purposes hereinafter declared and authorized. The Secretary of the Treasury is hereby authorized and directed to pay to, or upon the order of, the Secretary, such a part or all of the sum hereby authorized to be appropriated at the request of the Secretary.

SEC. 402. The Secretary is hereby authorized to draw from the Treasury of the United States any part or all of the sum hereby authorized to be appropriated, and to deposit same to his credit with the Treasurer of the United States, under special symbol number, to be available for disbursement for the purposes hereinafter stated.

SEC. 403. The Secretary is hereby authorized to make available, from the sum hereby authorized to be appropriated, to the manager of the cotton pool, such sum or sums as may be necessary to enable the manager to purchase, take up, and cancel, subject to the restrictions hereinafter reserved, pool participation trust certificates, form C-5-I, where such certificates shall be tendered to the manager, cotton pool, by the person or persons shown by the records of the Department to have been the lawful holder and owner thereof on *or before May 1, 1938*,<sup>61</sup> the purchase price to be paid for the certificates so purchased to be at the rate of \$1 per five-hundred-pound bale for every bale or fractional part thereof represented by the certificates C-5-I. The Secretary is further authorized to pay directly, or to advance to, the manager of the cotton pool, to enable him to pay costs and expenses incident to the purchase of certificates as aforesaid, and any balance remaining to the credit of the Secretary, or the manager, cotton pool, not required for the purchase of these certificates in accordance with provisions of this Act, shall, at the expiration of the purchase period, be covered into the Treasury of the United States as miscellaneous receipts.

SEC. 404. The authority of the manager, cotton pool, to purchase and pay for certificates hereunder shall extend to and include the 31st day of July 1938:<sup>62</sup> *Provided*, That after expiration of the said limit, the purchase may be consummated of any certificates tendered to the manager, cotton pool, on or before July 31, 1938, but where for any reason the purchase price shall not have been paid by the manager, cotton pool. The Secretary is authorized to promulgate such rules, regulations, and requirements as in his discretion are proper to effectuate the general purposes of this title, which purpose is here stated to be specifically to authorize the purchase of outstanding pool participation trust certificates, form C-5-I, for a purchase price to be determined at the rate of \$1 per bale, or twenty one-hundredths cent per pound, for the cotton evidenced by the said certificates, provided such certificates be tendered by holders thereof in accordance with regulations prescribed by the Secretary not later than the 31st day of July 1938, and provided such certificates may not be purchased from persons other than those shown by the records of the Department to have been holders thereof on or before the 1st day of *May 1938*.<sup>63</sup>

SEC. 405. The Secretary is authorized to continue in existence the 1933 cotton producers pool so long as may be required to effectuate the purposes of this title. All expense incident to the accomplishment of purposes of this title may be paid from funds hereby authorized to be appropriated, for which purpose the fund hereby authorized to be appropriated shall be deemed as supplemental to such funds as

<sup>61</sup> The italicized matter was substituted by sec. 13 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public. No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 204, Title 7 U. S. C., sec. 1403, in lieu of "May 1, 1937".

<sup>62</sup> Under the terms of Public. No. 27, 76th Cong., approved April 5, 1939, 53 Stat. 572, Title — U. S. C., sec. —, "The appropriation of \$1,800,000 made in the Department of Agriculture Appropriation Act, 1939, under the item entitled 'Retirement of cotton pool participation trust certificates' shall remain available until December 31, 1939, and the authority of the manager, cotton pool, to purchase and pay for participation trust certificates, Form C-5-I, shall extend to and include the 30th day of September 1939, but after the expiration of said limit the purchase may be consummated of any such certificates tendered to the manager, cotton pool, on or before September 30, 1939, but where for any reason the purchase price shall not have been paid by the manager, cotton pool."

<sup>63</sup> The italicized matter was substituted by sec. 14 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public. No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 204, Title 7 U. S. C., sec. 1404, in lieu of "May 1937".

are now to the credit of the Secretary, reserved for the purpose of defraying operating expenses of the pool.

SEC. 406. After expiration of the time limit herein established, the certificates then remaining outstanding and not theretofore tendered to the manager, cotton pool, for purchase, shall not be purchased and no obligation on account thereof shall exist.

SEC. 407. Nothing in this title shall be construed to authorize the manager, cotton pool, to pay the assignee or any holder of such cotton pool participation trust certificates, form C-5-I, transferred *subsequent to* <sup>64</sup> May 1, 1937, as shown by the records of the Department of Agriculture, more than the purchase price paid by the assignee or holder of such certificate or certificates with interest at the rate of 4 per centum per annum from the date of purchase, provided the amount paid such assignee shall not exceed \$1 per bale. Before making payment to any assignee, whose certificates were transferred *subsequent to* <sup>63</sup> May 1, 1937, such assignee shall file with the manager, cotton pool, an affidavit showing the amount paid by him for such certificate and the date of such payment, and the manager, cotton pool, is authorized to make payment to such assignee based upon the facts stated in said affidavit as aforesaid.

<sup>63</sup> See footnote 63 on p. 60.

<sup>64</sup> The italicized matter was substituted by sec. 15 of the act entitled "An act to amend the Agricultural Adjustment Act of 1938, and for other purposes", Public, No. 470, 75th Cong., approved April 7, 1938, 52 Stat. 204, Title 7 U. S. C., sec. 1407, in lieu of "on or before".



## PART III

### FEDERAL CROP INSURANCE ACT, AS AMENDED <sup>1</sup>

#### SHORT TITLE AND APPLICATION OF OTHER PROVISIONS

SEC. 501. This title may be cited as the "Federal Crop Insurance Act". Except as otherwise expressly provided the provisions in titles I to IV, inclusive, shall not apply with respect to this title, and the term "Act" wherever it appears in such titles shall not be construed to include this title.

#### DECLARATION OF PURPOSE

SEC. 502. It is the purpose of this title to promote the national welfare by alleviating the economic distress caused by wheat-crop failures due to drought and other causes, by maintaining the purchasing power of farmers, and by providing for stable supplies of wheat for domestic consumption and the orderly flow thereof in interstate commerce.

SEC. 503. To carry out the purposes of this title, there is hereby created as an agency of and within the Department of Agriculture a body corporate with the name "Federal Crop Insurance Corporation" (herein called the Corporation). The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices elsewhere in the United States under rules and regulations prescribed by the Board of Directors.

#### CAPITAL STOCK

SEC. 504. (a) The Corporation shall have a capital stock of \$100,000,000 subscribed by the United States of America, payment for which shall, with the approval of the Secretary of Agriculture, be subject to call in whole or in part by the Board of Directors of the Corporation.

Any impairment of the capital stock described in this subsection shall be restored only out of operating profits of the Corporation.

(b) There is hereby authorized to be appropriated not more than \$100,000,000 for the purpose of subscribing to said stock. No part of such sum shall be available prior to July 1, 1938. The appropriation for such purpose for the fiscal year ending June 30, 1939, shall not exceed \$20,000,000 and shall be made only out of the unexpended balances for the fiscal year ending June 30, 1938, of the sums appropriated pursuant to section 15 of the Soil Conservation and Domestic Allotment Act, as amended.

(c) Receipts for payments by the United States of America for or on account of such stock shall be issued by the Corporation to the

<sup>1</sup> Public, No. 430, 75th Cong., approved February 16, 1938, 52 Stat. 72, Title 7 U. S. C., secs. 1501-18. This act constitutes Title V of the Agricultural Adjustment Act of 1938, as amended.

Secretary of the Treasury and shall be evidence of the stock ownership by the United States of America.

## MANAGEMENT OF CORPORATION

SEC. 505. (a) The management of the Corporation shall be vested in a Board of Directors (hereinafter called the "Board") subject to the general supervision of the Secretary of Agriculture. The Board shall consist of three persons employed in the Department of Agriculture who shall be appointed by and hold office at the pleasure of the Secretary of Agriculture.

(b) Vacancies in the Board so long as there shall be two members in office shall not impair the powers of the Board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the Board.

(c) The Directors of the Corporation appointed as hereinbefore provided shall receive no additional compensation for their services as such directors but may be allowed actual necessary traveling and subsistence expenses when engaged in business of the Corporation outside of the District of Columbia.

(d) The Board shall select, subject to the approval of the Secretary of Agriculture, a manager, who shall be the executive officer of the Corporation with such power and authority as may be conferred upon him by the Board.

## GENERAL POWERS

SEC. 506. The Corporation—

(a) shall have succession in its corporate name;

(b) may adopt, alter, and use a corporate seal, which shall be judicially noticed;

(c) may make contracts and purchase or lease and hold such real and personal property as it deems necessary or convenient in the transaction of its business, and may dispose of such property held by it upon such terms as it deems appropriate;

(d) subject to the provisions of section 508 (c), may sue and be sued in its corporate name in any court of competent jurisdiction, State or Federal: *Provided*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Corporation or its property;

(e) may adopt, amend, and repeal by-laws, rules, and regulations governing the manner in which its business may be conducted and the powers granted to it by law may be exercised and enjoyed;

(f) shall be entitled to the free use of the United States mails in the same manner as the other executive agencies of the Government;

(g) with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officials, and employees thereof in carrying out the provisions of this title;

(h) may conduct researches, surveys, and investigations relating to crop insurance for wheat and other agricultural commodities;

(i) shall determine the character and necessity for its expenditures under this title and the manner in which they shall be incurred,

allowed, and paid, without regard to the provisions of any other laws governing the expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government; and

(j) shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation and all such incidental powers as are customary in corporations generally.

#### PERSONNEL

SEC. 507. (a) The Secretary shall appoint such officers and employees as may be necessary for the transaction of the business of the Corporation, which appointments may be made without regard to the civil-service laws and regulations, fix their compensation in accordance with the provisions of the Classification Act of 1923, as amended, define their authority and duties, delegate to them such of the powers vested in the Corporation as he may determine, require bond of such of them as he may designate, and fix the penalties and pay the premiums of such bonds. The appointment of officials and the selection of employees by the Secretary shall be made only on the basis of merit and efficiency.

(b) Insofar as applicable, the benefits of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, shall extend to persons given employment under the provisions of this title, including the employees of the committees and associations referred to in subsection (c) of this section and the members of such committees.

(c) The Board may establish or utilize committees or associations of producers in the administration of this title and make payments to such committees or associations to cover the estimated administrative expenses to be incurred by them in cooperating in carrying out this title and may provide that all or part of such estimated expenses may be included in the insurance premiums provided for in this title.

(d) The Secretary of Agriculture may allot to bureaus and offices of the Department of Agriculture or transfer to such other agencies of the State and Federal Governments as he may request to assist in carrying out this title any funds made available pursuant to the provisions of section 516 of this Act.

(e) In carrying out the provisions of this title the Board may, in its discretion, utilize producer-owned and producer-controlled cooperative associations.

#### CROP INSURANCE

SEC. 508. To carry out the purposes of this title the Corporation is authorized and empowered—

(a) Commencing with the wheat crop planted for harvest in 1939, to insure, upon such terms and conditions not inconsistent with the provisions of this title as it may determine, producers of wheat against loss in yields of wheat due to unavoidable causes, including drought, flood, hail, wind, winterkill, lightning, tornado, insect infestation, plant



disease, and such other unavoidable causes as may be determined by the Board: *Provided, however*, That for the first three years of operation under this title contracts of insurance shall not be made for periods longer than one year: *Provided further, That the Corporation may, upon such terms and conditions as it shall determine, accept payments from producers in any year to be applied toward premiums on their insurance contracts for the current and next succeeding year.*<sup>2</sup> Such insurance shall not cover losses due to the neglect or malfeasance of the producer or to the failure of the producer to reseed in areas and under circumstances where it is customary to reseed. Such insurance shall cover not less than 50 or more than 75 per centum, to be determined by the Board, of the recorded or appraised average yield of wheat on the insured farm for a representative base period subject to such adjustments as the Board may prescribe to the end that the average yields fixed for farms in the same area, which are subject to the same conditions, may be fair and just. The Board may condition the issuance of such insurance in any county or area upon a minimum amount of participation in a program of crop insurance formulated pursuant to this title.

(b) To fix adequate premiums for such insurance, payable either in wheat or cash equivalent as of the due date thereof, on the basis of the recorded or appraised average crop loss of wheat on the insured farm for a representative base period subject to such adjustments as the Board may prescribe to the end that the premiums fixed for farms in the same area, which are subject to the same conditions, may be fair and just. Such premiums shall be collected at such time or times, in such manner, and upon such security as the Board may determine.

(c) To adjust and pay claims for losses either in wheat or in cash equivalent under rules prescribed by the Board. In the event that any claim for indemnity under the provisions of this title is denied by the Corporation an action on such claim may be brought against the Corporation in the district court of the United States in and for the district in which the insured farm is located, and exclusive jurisdiction is hereby conferred upon such courts to determine such controversies without regard to the amount in controversy: *Provided*, That no suit on such claim shall be allowed under this section unless the same shall have been brought within one year after the date when notice of denial of the claim is mailed to the claimant.

(d) From time to time, in such manner and through such agencies as the Board may determine, to purchase, handle, store, insure, provide storage facilities for, and sell wheat, and pay any expenses incidental thereto, it being the intent of this provision, however, that, insofar as practicable, the Corporation shall purchase wheat only at the rate and to a total amount equal to the payment of premiums in cash by farmers or to replace promptly wheat sold to prevent deterioration; and shall sell wheat only to the extent necessary to cover payments of indemnities and to prevent deterioration: *Provided, however*, That nothing in this section shall prevent prompt offset purchases and sales of wheat for convenience in handling. The restriction on the purchase and sale of wheat provided in this section shall

<sup>2</sup> The italicized matter was added by the act entitled "An Act to Amend the Federal Crop Insurance Act", Public, No. 601, 75th Cong., approved June 22, 1938, 52 Stat. 835, Title 7 U. S. C., sec. 1508 (a).

be made a part of any crop insurance agreement made under this title. Notwithstanding any provision of this title, there shall be no limitation upon the legal or equitable remedies available to the insured to enforce against the Corporation the foregoing restriction with respect to purchases and sales of wheat.

#### INDEMNITIES EXEMPT FROM LEVY

SEC. 509. Claims for indemnities under this title shall not be liable to attachment, levy, garnishment, or any other legal process before payment to the insured or to deduction on account of the indebtedness of the insured or his estate to the United States except claims of the United States or the Corporation arising under this title.

#### DEPOSIT OF FUNDS

SEC. 510. All money of the Corporation not otherwise employed may be deposited with the Treasurer of the United States or in any bank approved by the Secretary of the Treasury, subject to withdrawal by the Corporation at any time, or with the approval of the Secretary of the Treasury may be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States. Subject to the approval of the Secretary of the Treasury, the Federal Reserve banks are hereby authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the performance of its powers conferred by this title.

#### TAX EXEMPTION

SEC. 511. The Corporation, including its franchise, its capital, reserves, and surplus, and its income and property, shall be exempt from all taxation now or hereafter imposed by the United States or by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

#### FISCAL AGENT OF GOVERNMENT

SEC. 512. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties, as a depository of public money and financial agent of the Government, as may be required of it.

#### ACCOUNTING BY CORPORATION

SEC. 513. The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary of Agriculture a complete report as to the business of the Corporation. The financial transactions of the Corporation shall be audited at least once each year by the General Accounting Office for the sole purpose of making a report to Congress, together with such

recommendations as the Comptroller General of the United States may deem advisable: *Provided*, That such report shall not be made until the Corporation shall have had reasonable opportunity to examine the exceptions and criticisms of the Comptroller General or the General Accounting Office, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report.

## CRIMES AND OFFENSES

SEC. 514. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining for himself or another money, property, or anything of value, under this title, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(b) No person shall, while acting in any official capacity in the administration of this title, speculate, directly or indirectly, in any agricultural commodity or product thereof, to which this title applies, or in contracts relating thereto, or in the stock or membership interests of any association or corporation engaged in handling, processing, or disposing of any such commodity or product. Any person violating this subsection shall upon conviction thereof be fined not more than \$10,000 or imprisoned not more than two years, or both.

(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to the Corporation or pledged or otherwise entrusted to it; or (2) with intent to defraud the Corporation, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of, or to, the Corporation or draws any order, or issues, puts forth, or assigns any note or other obligation or draft, mortgage, judgment, or decree thereof; or (3) with intent to defraud the Corporation, participates or shares in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of the Corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(d) Whoever willfully shall conceal, remove, dispose of, or convert to his own use or to that of another, any property mortgaged or pledged to, or held by, the Corporation, as security for any obligation, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(e) Whoever conspires with another to accomplish any of the acts made unlawful by the preceding provisions of this section shall, on conviction thereof, be subject to the same fine or imprisonment, or both, as is applicable in the case of conviction for doing such unlawful act.

(f) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, secs. 202 to 207, inclusive) insofar as applicable are extended to apply to contracts or agreements with the Corporation under this title: *Provided, how-*



*ever*, That the provisions of section 3741 of the Revised Statutes (U. S. C., title 41, sec. 22) and sections 114 and 115 of the Criminal Code of the United States shall not apply to any crop-insurance agreements made under this title.

#### ADVISORY COMMITTEE

SEC. 515. The Secretary of Agriculture is authorized to appoint from time to time an advisory committee, consisting of not more than five members experienced in agricultural pursuits and appointed with due consideration to their geographical distribution, to advise the Corporation with respect to carrying out the purposes of this title. The compensation of the members of such committee shall be determined by the Board but shall not exceed \$10 per day each while actually employed and actual necessary traveling and subsistence expenses, or a per diem allowance in lieu thereof.

#### APPROPRIATIONS AND REGULATIONS

SEC. 516. (a) There are hereby authorized to be appropriated such sums, not in excess of \$6,000,000 for each fiscal year beginning after June 30, 1938, as may be necessary to cover the operating and administrative costs of the Corporation, which shall be allotted to the Corporation in such amounts and at such time or times as the Secretary of Agriculture may determine: *Provided*, That expenses in connection with the purchase, transportation, handling, or sale of wheat may be considered by the Corporation as being nonadministrative or non-operating expenses. For the fiscal year ending June 30, 1939, the appropriation authorized under this subsection is authorized to be made only out of the unexpended balances for the fiscal year ending June 30, 1938, of the sums appropriated pursuant to section 15 of the Soil Conservation and Domestic Allotment Act, as amended.

(b) The Secretary and the Corporation, respectively, are authorized to issue such regulations as may be necessary to carry out the provisions of this title.

#### SEPARABILITY

SEC. 517. The sections of this title and subdivisions of sections are hereby declared to be separable, and in the event any one or more sections or parts of the same of this title be held to be unconstitutional, the same shall not affect the validity of other sections or parts of sections of this title.

#### RIGHT TO AMEND

SEC. 518. The right to alter, amend, or repeal this title is hereby reserved.

Approved, February 16, 1938, 3 p. m.

## PART IV

### SUGAR ACT OF 1937<sup>1</sup>

#### AN ACT

To regulate commerce among the several States, with the Territories and possessions of the United States, and with foreign countries; to protect the welfare of consumers of sugars and of those engaged in the domestic sugar-producing industry; to promote the export trade of the United States; to raise revenue; and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the Sugar Act of 1937.

#### TITLE I—DEFINITIONS

SECTION 101. For the purposes of this Act, except title IV—

(a) The term "person" means an individual, partnership, corporation, or association.

(b) The term "sugars" means any grade or type of saccharine product derived from sugarcane or sugar beets, which contains sucrose, dextrose, or levulose.

(c) The term "sugar" means raw sugar or direct-consumption sugar.

(d) The term "raw sugar" means any sugars which are principally of crystalline structure and which are to be further refined or improved in quality, and any sugars which are principally not of crystalline structure but which are to be further refined or otherwise improved in quality to produce any sugars principally of crystalline structure.

(e) The term "direct-consumption sugar" means any sugars which are principally of crystalline structure and which are not to be further refined or otherwise improved in quality.

(f) The term "liquid sugar" means any sugars (exclusive of sirup of cane juice produced from sugarcane grown in continental United States) which are principally not of crystalline structure and which contain, or which are to be used for the production of any sugars principally not of crystalline structure which contain, soluble nonsugar solids (excluding any foreign substances that may have been added) equal to 6 per centum or less of the total soluble solids.

(g) Sugars in dry amorphous form shall be considered to be principally of crystalline structure.

(h) The "raw value" of any quantity of sugars means its equivalent in terms of ordinary commercial raw sugar testing ninety-six sugar degrees by the polariscope, determined in accordance with regulations to be issued by the Secretary. The principal grades and types of

<sup>1</sup> Public, No. 414, 75th Cong., approved September 1, 1937, 50 Stat. 1100, Title 7 U. S. C., secs. 1100-1183.

sugar and liquid sugar shall be translated into terms of raw value in the following manner:

(1) For direct-consumption sugar, derived from sugar beets and testing ninety-two or more sugar degrees by the polariscope, by multiplying the number of pounds thereof by 1.07;

(2) For sugar, derived from sugarcane and testing ninety-two sugar degrees by the polariscope, by multiplying the number of pounds thereof by 0.93;

(3) For sugar, derived from sugarcane and testing more than ninety-two sugar degrees by the polariscope, by multiplying the number of pounds thereof by the figure obtained by adding to 0.93 the result of multiplying 0.0175 by the number of degrees and fractions of a degree of polarization above ninety-two degrees;

(4) For sugar and liquid sugar, testing less than ninety-two sugar degrees by the polariscope, by dividing the number of pounds of the "total sugar content" thereof by 0.972.

(5) The Secretary may establish rates for translating sugar and liquid sugar into terms of raw value for (a) any grade or type of sugar or liquid sugar not provided for in the foregoing and (b) any special grade or type of sugar or liquid sugar for which he determines that the raw value cannot be measured adequately under the provisions of paragraphs (1) to (4), inclusive, of this subsection (h).

(i) The term "total sugar content" means the sum of the sucrose (Clerget) and reducing or invert sugars contained in any grade or type of sugar or liquid sugar.

(j) The term "quota", depending upon the context, means (1) that quantity of sugar or liquid sugar which may be brought or imported into the continental United States, for consumption therein, during any calendar year, from the Territory of Hawaii, Puerto Rico, the Virgin Islands, the Commonwealth of the Philippine Islands,<sup>2</sup> or a foreign country or group of foreign countries; (2) that quantity of sugar or liquid sugar produced from sugar beets or sugarcane grown in the continental United States which, during any calendar year, may be shipped, transported, or marketed in interstate commerce, or in competition with sugar or liquid sugar shipped, transported, or marketed in interstate or foreign commerce; or (3) that quantity of sugar or liquid sugar which may be marketed in the Territory of Hawaii or in Puerto Rico, for consumption therein, during any calendar year.

(k) The term "producer" means a person who is the legal owner, at the time of harvest or abandonment, of a portion or all of a crop of sugar beets or sugarcane grown on a farm for the extraction of sugar or liquid sugar.

(l) The terms "including" and "include" shall not be deemed to exclude anything not mentioned but otherwise within the meaning of the term defined.

(m) The term "Secretary" means the Secretary of Agriculture.

<sup>2</sup> See Philippine Independence Act, Public. No. 127, 73d Cong., approved March 24, 1934, 48 Stat. 456, Title 48 U. S. C., secs. 1231-1247, as amended by Public. No. 300, 76th Cong., approved Aug. 7, 1939, 53 Stat. 572, Title — U. S. C., sec. —.



## TITLE II—QUOTA PROVISIONS

SEC. 201. The Secretary shall determine for each calendar year the amount of sugar needed to meet the requirements of consumers in the continental United States; such determinations shall be made during the month of December in each year for the succeeding calendar year and at such other times during such calendar year as the Secretary may deem necessary to meet such requirements. In making such determinations the Secretary shall use as a basis the quantity of direct-consumption sugar distributed for consumption, as indicated by official statistics of the Department of Agriculture, during the twelve-month period ending October 31 next preceding the calendar year for which the determination is being made, and shall make allowances for a deficiency or surplus in inventories of sugar, and changes in consumption, as computed from statistics published by agencies of the Federal Government with respect to inventories of sugar, population, and demand conditions; and in order that the regulation of commerce provided for under this Act shall not result in excessive prices to consumers, the Secretary may make such additional allowances as he may deem necessary in the amount of sugar determined to be needed to meet the requirements of consumers, so that the supply of sugar made available under this Act shall not result in average prices to consumers in excess of those necessary to maintain the domestic sugar industry as a whole, and the amounts of such additional allowances shall be such that in no event will the amount of the total supply be less than the quantity of sugar required to give consumers of sugar in the continental United States a per capita consumption equal to that of the average of the two-year period 1935-1936.

SEC. 202. Whenever a determination is made, pursuant to section 201, of the amount of sugar needed to meet the requirements of consumers, the Secretary shall establish quotas, or revise existing quotas—

(a) For domestic sugar-producing areas by prorating among such areas 55.59 per centum of such amount of sugar (but not less than 3,715,000 short tons) on the following basis:

Area	Per centum
Domestic beet sugar-----	41.72
Mainland cane sugar-----	11.31
Hawaii-----	25.25
Puerto Rico-----	21.48
Virgin Islands-----	.24

(b) For foreign countries, and the Commonwealth of the Philippine Islands, by prorating 44.41 per centum of such amount of sugar (except, if such amount of sugar is less than 6,682,670 short tons, the excess of such amount over 3,715,000 short tons) on the following basis:

Area	Per centum
Commonwealth of the Philippine Islands-----	34.70
Cuba-----	64.41
Foreign countries other than Cuba-----	.89

In no case shall the quota for the Commonwealth of the Philippine Islands be less than the duty-free quota now established by the provisions of the Philippine Independence Act.

The quota for foreign countries other than Cuba shall be prorated among such countries on the basis of the division of the quota for such countries made in General Sugar Quota Regulations, Series 4, Number 1, issued December 12, 1936, pursuant to the Agricultural Adjustment Act, as amended.

SEC. 203. In accordance with the applicable provisions of section 201, the Secretary shall also determine the amount of sugar needed to meet the requirements of consumers in the Territory of Hawaii, and in Puerto Rico, and shall establish quotas for the amounts of sugar which may be marketed for local consumption in such areas equal to the amounts determined to be needed to meet the requirements of consumers therein.

SEC. 204. (a) The Secretary shall, as he deems necessary during the calendar year, determine whether, in view of the current inventories of sugar, the estimated production from the acreage of sugarcane or sugar beets planted, the normal marketings within a calendar year of new-crop sugar, and other pertinent factors, any domestic area, the Commonwealth of the Philippine Islands, or Cuba, will be unable to market the quota for such area. If the Secretary finds that any domestic area or Cuba will be unable to market the quota for such area for the calendar year then current, he shall revise the quotas for the domestic areas and Cuba by prorating an amount of sugar equal to the deficit so determined to the other such areas, on the basis of the quotas then in effect. Any portion of such sugar which the Secretary determines cannot be supplied by domestic areas and Cuba shall be prorated to foreign countries other than Cuba on the basis of the prorations of the quota then in effect for such foreign countries. If the Secretary finds that the Commonwealth of the Philippine Islands will be unable to market the quota for such area for the calendar year then current, he shall revise the quota for foreign countries other than Cuba by prorating an amount of sugar equal to the deficit so determined to such foreign countries, on the basis of the prorations of the quota then in effect for such countries: *Provided, however,* That the quota for any domestic area, the Commonwealth of the Philippine Islands, or Cuba or other foreign countries, shall not be reduced by reason of any determination made pursuant to the provisions of this subsection.

(b) If, on the 1st day of September in any calendar year, any part or all of the proration to any foreign country of the quota in effect on the 1st day of July in the same calendar year for foreign countries other than Cuba, has not been filled, the Secretary may revise the proration of such quota among such foreign countries, by prorating an amount of sugar equal to such unfilled proration to all other such foreign countries which have filled their prorations of such quota by such date, on the basis of the prorations then in effect.

SEC. 205. (a) Whenever the Secretary finds that the allotment of any quota, or proration thereof, established for any area pursuant to the provisions of this Act, is necessary to assure an orderly and adequate flow of sugar or liquid sugar in the channels of interstate or foreign commerce, or to prevent disorderly marketing or importation of sugar or liquid sugar, or to maintain a continuous and stable supply of sugar or liquid sugar, or to afford all interested persons an equitable opportunity to market sugar or liquid sugar within any area's

quota, after such hearing and upon such notice as he may by regulations prescribe, he shall make allotments of such quota or proration thereof by allotting to persons who market or import sugar or liquid sugar, for such periods as he may designate, the quantities of sugar or liquid sugar which each such person may market in continental United States, the Territory of Hawaii, or Puerto Rico, or may import or bring into continental United States, for consumption therein. Allotments shall be made in such manner and in such amounts as to provide a fair, efficient, and equitable distribution of such quota or proration thereof, by taking into consideration the processings of sugar or liquid sugar from sugar beets or sugarcane to which proportionate shares, determined pursuant to the provisions of subsection (b) of section 302, pertained; the past marketings or importations of each such person; or the ability of such person to market or import that portion of such quota or proration thereof allotted to him. The Secretary may also, upon such hearing and notice as he may by regulations prescribe, revise or amend any such allotment upon the same basis as the initial allotment was made.

(b) An appeal may be taken, in the manner hereinafter provided, from any decision making such allotments, or revision thereof, to the United States Court of Appeals for the District of Columbia in any of the following cases:

(1) By any applicant for an allotment whose application shall have been denied.

(2) By any person aggrieved by reason of any decision of the Secretary granting or revising any allotment made to him.

(c) Such appeal shall be taken by filing with said court within twenty days after the decision complained of is effective, notice in writing of said appeal and a statement of the reasons therefor, together with proof of service of a true copy of said notice and statement upon the Secretary. Unless a later date is specified by the Secretary as part of his decision, the decision complained of shall be considered to be effective as of the date on which public announcement of the decision is made at the office of the Secretary in the city of Washington. The Secretary shall thereupon, and in any event not later than ten days from the date of such service upon him, mail or otherwise deliver a copy of said notice of appeal to each person shown by the records of the Secretary to be interested in such appeal and to have a right to intervene therein under the provisions of this section, and shall at all times thereafter permit any such person to inspect and make copies of appellants' reasons for said appeal at the office of the Secretary in the city of Washington. Within thirty days after the filing of said appeal the Secretary shall file with the court the originals or certified copies of all papers and evidence presented to him upon the hearing involved and also a like copy of his decision thereon and shall within thirty days thereafter file a full statement in writing of the facts and grounds for his decision as found and given by him and a list of all interested persons to whom he has mailed or otherwise delivered a copy of said notice of appeal.

(d) Within thirty days after the filing of said appeal any interested person may intervene and participate in the proceedings had upon said appeal by filing with the court a notice of intention to intervene and a



verified statement showing the nature of the interest of such party together with proof of service of true copies of said notice and statement, both upon the appellant and upon the Secretary. Any person who would be aggrieved or whose interests would be adversely affected by reversal or modification of the decision of the Secretary complained of shall be considered an interested party.

(e) At the earliest convenient time the court shall hear and determine the appeal upon the record before it, and shall have power, upon such record, to enter a judgment affirming or reversing the decision, and if it enters an order reversing the decision of the Secretary it shall remand the case to the Secretary to carry out the judgment of the court: *Provided, however*, That the review by the court shall be limited to questions of law and that findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive unless it shall clearly appear that the findings of the Secretary are arbitrary or capricious. The court's judgment shall be final, subject, however, to review by the Supreme Court of the United States, upon writ of certiorari on petition therefor, under section 240 of the Judicial Code, as amended (U. S. C., 1934 ed., title 28, sec. 347), by appellant, by the Secretary, or by any interested party intervening in the appeal.

(f) The court may, in its discretion, enter judgment for costs in favor of or against an appellant, and other interested parties intervening in said appeal, but not against the Secretary, depending upon the nature of the issues involved in such appeal and the outcome thereof.

(g) The Government of the Commonwealth of the Philippine Islands shall make allotments of any quota established for it pursuant to the provisions of this Act on the basis specified in section 6 (d) of Public Law Numbered 127, approved March 24, 1934.

SEC. 206. Until sugar quotas are established pursuant to this Act for the calendar year 1937, which shall be within sixty days after its enactment, the quotas determined by the Secretary in General Sugar Quota Regulations, Series 4, Number 1, issued December 12, 1936, pursuant to the provisions of the Agricultural Adjustment Act, as amended, shall remain in full force and effect.

SEC. 207. (a) Not more than twenty-nine thousand six hundred and sixteen short tons, raw value, of the quota for Hawaii for each of the calendar years 1937, 1938, and 1939 may be filled by direct-consumption sugar; and not more than four thousand nine hundred and thirty-six short tons, raw value, of the quota for Hawaii for the calendar year 1940 may be filled, during the first two months of such year, by direct-consumption sugar.

(b) Not more than one hundred and twenty-six thousand and thirty-three short tons, raw value, of the quota for Puerto Rico for each of the calendar years 1937, 1938, and 1939 may be filled by direct-consumption sugar; and not more than twenty-one thousand and six short tons, raw value, of the quota for Puerto Rico for the calendar year 1940 may be filled, during the first two months of such year, by direct-consumption sugar.

(c) None of the quota for the Virgin Islands for any calendar year may be filled by direct-consumption sugar.

(d) Not more than eighty thousand two hundred and fourteen short tons, raw value, of the quota for the Commonwealth of the Philippine

Islands for any calendar year may be filled by direct-consumption sugar.

(e) Not more than three hundred and seventy-five thousand short tons, raw value, of the quota for Cuba for any calendar year may be filled by direct-consumption sugar.

(f) This section shall not apply with respect to the quotas established under section 203 for marketing for local consumption in Hawaii and Puerto Rico.

SEC. 208. Quotas for liquid sugar for foreign countries for each calendar year are hereby established as follows:

Country	In terms of wine gallons of 72% total sugar-content
Cuba	7,970,558
Dominican Republic	830,894
Other foreign countries	0

The quantities of liquid sugar imported into the continental United States during the calendar year 1937, prior to the enactment of this Act, shall be charged against the quotas for the calendar year 1937 established by this section.

SEC. 209. All persons are hereby prohibited—

(a) From bringing or importing into the continental United States from the Territory of Hawaii, Puerto Rico, the Virgin Islands, the Commonwealth of the Philippine Islands, or foreign countries, any sugar or liquid sugar after the quota for such area, or the proration of any such quota, has been filled;

(b) From shipping, transporting, or marketing in interstate commerce, or in competition with sugar or liquid sugar shipped, transported, or marketed in interstate or foreign commerce, any sugar or liquid sugar produced from sugar beets or sugarcane grown in either the domestic-beet-sugar area or the mainland-cane-sugar area after the quota for such area has been filled;

(c) From marketing in either the Territory of Hawaii or Puerto Rico, for consumption therein, any sugar or liquid sugar after the quota therefor has been filled;

(d) From exceeding allotments of any quota or proration thereof made to them pursuant to the provisions of this Act.

SEC. 210. (a) The determinations provided for in sections 201 and 203, and all quotas, prorations, and allotments, except quotas established pursuant to the provisions of section 208, shall be made or established in terms of raw value.

(b) For the purposes of this title, liquid sugar, except that imported from foreign countries, shall be included with sugar in making the determinations provided for in sections 201 and 203 and in the establishment or revision of quotas, prorations, and allotments.

SEC. 211. (a) The raw-value equivalent of any sugar or liquid sugar in any form, including sugar or liquid sugar in manufactured products, exported from the continental United States under the provisions of section 313 of the Tariff Act of 1930 shall be credited against any charges which shall have been made in respect to the applicable quota or proration for the country of origin. The country of origin of sugar or liquid sugar in respect to which any credit shall be established shall be that country in respect to importation from which drawback of the exported sugar or liquid sugar has been claimed. Sugar or liquid sugar

entered into the continental United States under an applicable bond established pursuant to orders or regulations issued by the Secretary, for the express purpose of subsequently exporting the equivalent quantity of sugar or liquid sugar as such, or in manufactured articles, shall not be charged against the applicable quota or proration for the country of origin.

(b) Exportation within the meaning of sections 309 and 313 of the Tariff Act of 1930 shall be considered to be exportation within the meaning of this section.

(c) The quota established for any domestic-sugar producing area may be filled only with sugar or liquid sugar produced from sugar beets or sugarcane grown in such area: *Provided, however,* That any sugar or liquid sugar admitted free of duty from the Virgin Islands under the Act of Congress, approved March 3, 1917 (39 Stat. 1133), may be admitted within the quota for the Virgin Islands.

SEC. 212. The provisions of this title shall not apply to (1) the first ten short tons, raw value, of sugar or liquid sugar imported from any foreign country, other than Cuba, in any calendar year; (2) the first ten short tons, raw value, of sugar or liquid sugar imported from any foreign country, other than Cuba, in any calendar year for religious, sacramental, educational, or experimental purposes; (3) liquid sugar imported from any foreign country, other than Cuba, in individual sealed containers of such capacity as the Secretary may determine, not in excess of one and one-tenth gallons each; or (4) any sugar or liquid sugar imported, brought into, or produced or manufactured in the United States for the distillation of alcohol, or for livestock feed, or for the production of livestock feed.

### TITLE III—CONDITIONAL-PAYMENT PROVISIONS

SEC. 301. The Secretary is authorized to make payments on the following conditions with respect to sugar or liquid sugar commercially recoverable from the sugar beets or sugarcane grown on a farm for the extraction of sugar or liquid sugar:

(a) That no child under the age of fourteen years shall have been employed or permitted to work on the farm, whether for gain to such child or any other person, in the production, cultivation, or harvesting of a crop of sugar beets or sugarcane with respect to which application for payment is made, except a member of the immediate family of a person who was the legal owner of not less than 40 per centum of the crop at the time such work was performed; and that no child between the ages of fourteen and sixteen years shall have been employed or permitted to do such work, whether for gain to such child or any other person, for a longer period than eight hours in any one day, except a member of the immediate family of a person who was the legal owner of not less than 40 per centum of the crop at the time such work was performed.

(b) That all persons employed on the farm in the production, cultivation, or harvesting of sugar beets or sugarcane with respect to which an application for payment is made shall have been paid in full for all such work, and shall have been paid wages therefor at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing; and in making such determinations



the Secretary shall take into consideration the standards therefor formerly established by him under the Agricultural Adjustment Act, as amended, and the differences in conditions among various producing areas: *Provided, however*, That a payment which would be payable except for the foregoing provisions of this subsection may be made, as the Secretary may determine, in such manner that the laborer will receive an amount, insofar as such payment will suffice, equal to the amount of the accrued unpaid wages for such work, and that the producer will receive the remainder, if any, of such payment.

(c) That there shall not have been marketed (or processed) an amount (in terms of planted acreage, weight, or recoverable sugar content) of sugar beets or sugarcane grown on the farm and used for the production of sugar or liquid sugar to be marketed in, or so as to compete with or otherwise directly affect interstate or foreign commerce, in excess of the proportionate share for the farm, as determined by the Secretary pursuant to the provisions of section 302, of the total quantity of sugar beets or sugarcane required to be processed to enable the area in which such sugar beets or sugarcane are produced to meet the quota (and provide a normal carry-over inventory) as estimated by the Secretary for such area for the calendar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed.

(d) That the producer on the farm who is also, directly or indirectly, a processor of sugar beets or sugarcane, as may be determined by the Secretary, shall have paid, or contracted to pay under either purchase or toll agreements, for any sugar beets or sugarcane grown by other producers and processed by him at rates not less than those that may be determined by the Secretary to be fair and reasonable after investigation and due notice and opportunity for public hearing.

(e) That there shall have been carried out on the farm such farming practices in connection with the production of sugar beets and sugarcane during the year in which the crop was harvested with respect to which a payment is applied for, as the Secretary may determine, pursuant to this subsection, for preserving and improving fertility of the soil and for preventing soil erosion, such practices to be consistent with the reasonable standards of the farming community in which the farm is situated.

The conditions provided in subsection (a) and in subsection (b) with respect to wage rates, of this section shall not apply to work performed prior to the enactment of this Act; and the condition provided in subsection (c) of this section shall not apply to the marketing of the first crop harvested after the enactment of this Act from sugar beets or sugarcane planted prior to such enactment.

SEC. 302. (a) The amount of sugar or liquid sugar with respect to which payment may be made shall be the amount of sugar or liquid sugar commercially recoverable, as determined by the Secretary, from the sugar beets or sugarcane grown on the farm and marketed (or processed by the producer) not in excess of the proportionate share for the farm, as determined by the Secretary, of the quantity of sugar beets or sugarcane for the extraction of sugar or liquid sugar required to be processed to enable the producing area in which the crop of sugar beets or sugarcane is grown to meet the quota (and provide a normal carry-over inventory) estimated by the Secretary for such area for the

calendar year during which the larger part of the sugar or liquid sugar from such crop normally would be marketed.

(b) In determining the proportionate shares with respect to a farm, the Secretary may take into consideration the past production on the farm of sugar beets and sugarcane marketed (or processed) for the extraction of sugar or liquid sugar and the ability to produce such sugar beets or sugarcane, and the Secretary shall, insofar as practicable, protect the interests of new producers and small producers and the interests of producers who are cash tenants, share-tenants, adherent planters, or share-croppers.

(c) Payments shall be effective with respect to sugar or liquid sugar commercially recoverable from sugar beets and sugarcane grown on a farm and which shall have been marketed (or processed by the producer) on and after July 1, 1937.

SEC. 303. In addition to the amount of sugar or liquid sugar with respect to which payments are authorized under subsection (a) of section 302, the Secretary is also authorized to make payments, on the conditions provided in section 301, with respect to bona-fide abandonment of planted acreage and crop deficiencies of harvested acreage, resulting from drought, flood, storm, freeze, disease, or insects, which cause such damage to all or a substantial part of the crop of sugar beets or sugarcane in the same factory district (as established by the Secretary), county, parish, municipality, or local producing area, as determined in accordance with regulations issued by the Secretary, on the following quantities of sugar or liquid sugar: (1) With respect to such bona-fide abandonment of each planted acre of sugar beets or sugarcane, one-third of the normal yield of commercially recoverable sugar or liquid sugar per acre for the farm, as determined by the Secretary; and (2) with respect to such crop deficiencies of harvested acreage of sugar beets or sugarcane, the excess of 80 per centum of the normal yield of commercially recoverable sugar or liquid sugar for such acreage for the farm, as determined by the Secretary, over the actual yield.

SEC. 304. (a) The amount of the base rate of payment shall be 60 cents per hundred pounds of sugar or liquid sugar, raw value.

(b) All payments shall be calculated with respect to a farm which, for the purposes of this Act, shall be a farming unit as determined in accordance with regulations issued by the Secretary, and in making such determinations, the Secretary shall take into consideration the use of common work stock, equipment, labor, management, and other pertinent factors.

(c) The total payment with respect to a farm shall be the product of the base rate specified in subsection (a) of this section multiplied by the amount of sugar and liquid sugar, raw value, with respect to which payment is to be made, except that reductions shall be made from such total payment in accordance with the following scale of reductions:

That portion of the quantity of sugar and liquid sugar which is included within the following intervals of short tons, raw value:	Reduction in the base rate of payment per hundred-weight of such portion
500 to 1,500.....	\$0.050
1,500 to 6,000.....	.075
6,000 to 12,000.....	.100
12,000 to 30,000.....	.125
More than 30,000.....	.300

(d) Application for payment shall be made by, and payments shall be made to, the producer or, in the event of his death, disappearance, or incompetency, his legal representative, or heirs: *Provided, however,* That all producers on the farm shall signify in the application for payment the per centum of the total payment with respect to the farm to be made to each producer: *And provided further,* That payments may be made, (1) in the event of the death, disappearance, or incompetency of a producer, to such beneficiary as the producer may designate in the application for payment; (2) to one producer of a group of two or more producers, provided all producers on the farm designate such producer in the application for payment as sole recipient for their benefit of the payment with respect to the farm; or (3) to a person who is not a producer, provided such person controls the land included within the farm with respect to which the application for payment is made and is designated by the sole producer (or all producers) on the farm, as sole recipient for his or their benefit, of the payment with respect to the farm.

SEC. 305. In carrying out the provisions of titles II and III of this Act, the Secretary is authorized to utilize local committees of sugar beet or sugarcane producers, State and county agricultural conservation committees, or the Agricultural Extension Service and other agencies, and the Secretary may prescribe that all or a part of the expenses of such committees may be deducted from the payments herein authorized.

SEC. 306. The facts constituting the basis for any payment, or the amount thereof authorized to be made under this title, officially determined in conformity with rules or regulations prescribed by the Secretary, shall be reviewable only by the Secretary, and his determinations with respect thereto shall be final and conclusive.

SEC. 307. This title shall apply to the continental United States, the Territory of Hawaii, and Puerto Rico.

## TITLE IV—EXCISE TAXES WITH RESPECT TO SUGAR

### DEFINITIONS

SEC. 401. For the purposes of this title—

(a) The term "person" means an individual, partnership, corporation, or association.

(b) The term "manufactured sugar" means any sugar derived from sugar beets or sugarcane, which is not to be, and which shall not be, further refined or otherwise improved in quality; except sugar in liquid form which contains nonsugar solids (excluding any foreign substance that may have been added) equal to more than 6 per centum of the total soluble solids, and except also sirup of cane juice produced from sugarcane grown in continental United States.

The grades or types of sugar within the meaning of this definition shall include, but shall not be limited to, granulated sugar, lump sugar, cube sugar, powdered sugar, sugar in the form of blocks, cones, or molded shapes, confectioners' sugar, washed sugar, centrifugal sugar, clarified sugar, turbinado sugar, plantation white sugar, muscovado sugar, refiners' soft sugar, invert sugar mush, raw sugar, sirups, molasses, and sugar mixtures.



(c) The term "total sugars" means the total amount of the sucrose (Clerget) and of the reducing or invert sugars. The total sugars contained in any grade or type of manufactured sugar shall be ascertained in the manner prescribed in paragraphs 758, 759, 762, and 763 of the United States Customs Regulations (1931 edition).

(d) The term "United States" shall be deemed to include the States, the Territories of Hawaii and Alaska, the District of Columbia, and Puerto Rico.

#### TAX ON THE MANUFACTURE OF SUGAR

SEC. 402. (a) Upon manufactured sugar manufactured in the United States, there shall be levied, collected and paid a tax, to be paid by the manufacturer at the following rates:

(1) On all manufactured sugar testing by the polariscope ninety-two sugar degrees, 0.465 cent per pound, and for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) On all manufactured sugar testing by the polariscope less than ninety-two sugar degrees, 0.5144 cent per pound of the total sugars therein.

(b) Any person who acquires any sugar which is to be manufactured into manufactured sugar but who, without further refining or otherwise improving it in quality, sells such sugar as manufactured sugar or uses such sugar as manufactured sugar in the production of other articles for sale shall be considered for the purposes of this section the manufacturer of manufactured sugar and, as such, liable for the tax hereunder with respect thereto.

(c) The manufacturer shall file on the last day of each month a return and pay the tax with respect to manufactured sugar manufactured after the effective date of this title (1) which has been sold, or used in the production of other articles, by the manufacturer during the preceding month (if the tax has not already been paid) and (2) which has not been so sold or used within twelve months ending during the preceding calendar month, after it was manufactured (if the tax has not already been paid): *Provided*, That the first return and payment of the tax shall not be due until the last day of the second month following the month in which this title takes effect.

For the purpose of determining whether sugar has been sold or used within twelve months after it was manufactured sugar shall be considered to have been sold or used in the order in which it was manufactured.

(d) No tax shall be required to be paid upon the manufacture of manufactured sugar by, or for, the producer of the sugar beets or sugarcane from which such manufactured sugar was derived, for consumption by the producer's own family, employees, or household.

#### IMPORT COMPENSATING TAX

SEC. 403. (a) In addition to any other tax or duty imposed by law, there shall be imposed, under such regulations as the Commissioner of Customs shall prescribe, with the approval of the Secretary of the Treasury, a tax upon articles imported or brought into the United States as follows:

(1) On all manufactured sugar testing by the polariscope ninety-two sugar degrees, 0.465 cent per pound, and for each additional sugar degree shown by the polariscopic test, 0.00875 cent per pound additional, and fractions of a degree in proportion;

(2) On all manufactured sugar testing by the polariscope less than ninety-two sugar degrees 0.5144 cent per pound of the total sugars therein;

(3) On all articles composed in chief value of manufactured sugar 0.5144 cent per pound of the total sugars therein.

(b) Such tax shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the Tariff Act of 1930, and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such Act, except that for the purposes of sections 336 and 350 of such Act (the so-called flexible-tariff and trade-agreements provisions) such tax shall not be considered a duty or import restriction, and except that no preference with respect to such tax shall be accorded any articles imported or brought into the United States.

#### EXPORTATION, LIVESTOCK FEED, AND DISTILLATION

SEC. 404. (a) Upon the exportation from the United States to a foreign country, or the shipment from the United States to any possession of the United States except Puerto Rico, of any manufactured sugar, or any article manufactured wholly or partly from manufactured sugar, with respect to which tax under the provisions of section 402 has been paid, the amount of such tax shall be paid by the Commissioner of Internal Revenue to the consignor named in the bill of lading under which the article was exported or shipped to a possession, or to the shipper, if the consignor waives any claim thereto in favor of such shipper: *Provided*, That no such payment shall be allowed with respect to any manufactured sugar, or article, upon which, through substitution or otherwise, a drawback of any tax paid under section 403 has been or is to be claimed under any provisions of law made applicable by section 403.

(b) Upon the use of any manufactured sugar, or article manufactured therefrom, as livestock feed, or in the production of livestock feed, or for the distillation of alcohol, there shall be paid by the Commissioner of Internal Revenue to the person so using such manufactured sugar, or article manufactured therefrom, the amount of any tax paid under section 402 with respect thereto.

(c) No payment shall be allowed under this section unless within one year after the right to such payment has accrued a claim therefor is filed by the person entitled thereto.

#### COLLECTION OF TAXES

SEC. 405. (a) Except as otherwise provided, the taxes imposed by this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury. Such taxes shall be paid into the Treasury of the United States.

(b) All provisions of law, including penalties, applicable with respect to the taxes imposed under title IV of the Revenue Act of 1932, shall, insofar as applicable and not inconsistent with the provisions of this title, be applicable in respect to the tax imposed by section 402. If the tax is not paid when due there shall be added as part of the tax interest at 6 per centum per annum from the date the tax became due until the date of payment.

(c) The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such rules and regulations as may be necessary to carry out all provisions of this title except section 403.

(d) Any person required, pursuant to the provisions of section 402, to file a return may be required to file such return with and pay the tax shown to be due thereon to the collector of internal revenue for the district in which the manufacturing was done or the liability incurred.

#### EFFECTIVE DATE

SEC. 406. The provisions of this title shall become effective on the date of enactment of this Act.

### TITLE V—GENERAL PROVISIONS

SEC. 501. For the purposes of this Act, except title IV, the Secretary shall—

(a) Appoint and fix the compensation of such officers and employees as he may deem necessary in administering the provisions of this Act: *Provided*, That all such officers and employees, except attorneys, economists, experts, and persons in the employ of the Department of Agriculture on the date of the enactment of this Act, shall be subject to the provisions of the civil-service laws and the Classification Act of 1923, as amended: *And provided further*, That no salary in excess of \$10,000 per annum shall be paid to any such person.

(b) Make such expenditures as he deems necessary to carry out the provisions of this Act, including personal services and rents in the District of Columbia and elsewhere, traveling expenses (including the purchase, maintenance, and repair of passenger-carrying vehicles), supplies and equipment, law books, books of reference, directories, periodicals, and newspapers.

SEC. 502. (a) There is hereby authorized to be appropriated for each fiscal year for the purposes and administration of this Act, except for allotments in the Philippine Islands as provided in subsection (g) of section 205, a sum not to exceed \$55,000,000.

(b) All funds available for carrying out this Act shall be available for allotment to the bureaus and offices of the Department of Agriculture and for transfer to such other agencies of the Federal Government as the Secretary may request to cooperate or assist in carrying out the provisions of this Act.

SEC. 503. There is authorized to be appropriated an amount equal to the amount of the taxes collected or accrued under title IV on sugars produced from sugarcane grown in the Commonwealth of the Philippine Islands which are manufactured in or brought into the United States on or prior to June 30, 1941, minus the costs of collect-



ing such taxes and the estimates of amounts of refunds required to be made with respect to such taxes, for transfer to the Government of the Commonwealth of the Philippines for the purpose of financing a program of economic adjustment in the Philippines, the transfer to be made under such terms and conditions as the President of the United States may prescribe: *Provided*, That no part of the appropriations herein authorized shall be paid directly or indirectly for the production or processing of sugarcane in the Philippine Islands.

SEC. 504. The Secretary is authorized to make such orders or regulations, which shall have the force and effect of law, as may be necessary to carry out the powers vested in him by this Act. Any person knowingly violating any order or regulation of the Secretary issued pursuant to this Act shall, upon conviction, be punished by a fine of not more than \$100 for each such violation.

SEC. 505. The several district courts of the United States are hereby vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, the provisions of this Act or of any order or regulation made or issued pursuant to this Act. If and when the Secretary shall so request, it shall be the duty of the several district attorneys of the United States, in their respective districts, to institute proceedings to enforce the remedies and to collect the penalties and forfeitures provided for in this Act. The remedies provided for in this Act shall be in addition to, and not exclusive of, any of the remedies or penalties existing at law or in equity.

SEC. 506. Any person who knowingly violates, or attempts to violate, or who knowingly participates or aids in the violation of, any of the provisions of section 209, or any person who brings or imports into the continental United States direct-consumption sugar after the quantities specified in section 207 have been filled, shall forfeit to the United States the sum equal to three times the market value, at the time of the commission of any such, (a) of that quantity of sugar or liquid sugar by which any quota, proration, or allotment is exceeded, or (b) of that quantity brought or imported into the continental United States after the quantities specified in section 207 have been filled, which forfeiture shall be recoverable in a civil suit brought in the name of the United States.

SEC. 507. All persons engaged in the manufacturing, marketing, or transportation of sugar or liquid sugar, and having information which the Secretary deems necessary to enable him to administer the provisions of this Act, shall, upon the request of the Secretary, furnish him with such information. Any person willfully failing or refusing to furnish such information, or furnishing willfully any false information, shall upon conviction be subject to a penalty of not more than \$1,000 for each such violation.

SEC. 508. No person shall, while acting in any official capacity in the administration of this Act, invest or speculate in sugar or liquid sugar, contracts relating thereto, or the stock or membership interests of any association or corporation engaged in the production or manufacturing of sugar or liquid sugar. Any person violating this section shall upon conviction thereof be fined not more than \$10,000 or imprisoned not more than two years, or both.

SEC. 509. Whenever the President finds and proclaims that a national economic or other emergency exists with respect to sugar or

liquid sugar, he shall by proclamation suspend the operation of title II or III above, which he determines, on the basis of such findings, should be suspended, and, thereafter, the operation of any such title shall continue in suspense until the President finds and proclaims that the facts which occasioned such suspension no longer exist. The Secretary shall make such investigations and reports thereon to the President as may be necessary to aid him in carrying out the provisions of this section.

SEC. 510. The provisions of the Agricultural Adjustment Act, as amended, shall cease to apply to sugar upon the enactment of this Act, and the provisions of Public Resolution Numbered 109, Seventy-fourth Congress, approved June 19, 1936, are hereby repealed.

SEC. 511. In order to facilitate the effectuation of the purposes of this Act, the Secretary is authorized to make surveys, investigations, including the holding of public hearings, and to make recommendations with respect to (a) the terms and conditions of contracts between the producers and processors of sugar beets and sugarcane and (b) the terms and conditions of contracts between laborers and producers of sugar beets and sugarcane.

SEC. 512. The Secretary is authorized to conduct surveys, investigations, and research relating to the conditions and factors affecting the methods of accomplishing most effectively the purposes of this Act and for the benefit of agriculture generally in any area. Notwithstanding any provision of existing law, the Secretary is authorized to make public such information as he deems necessary to carry out the provisions of this Act.

SEC. 513. No tax shall be imposed on the manufacture, use, or importation of sugar after June 30, 1941, and the powers vested in the Secretary under this Act shall terminate on December 31, 1940, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1940 and previous crop years.

Approved, September 1, 1937.

## PART V

### APPLICABLE APPROPRIATIONS

#### FISCAL YEAR 1937

#### SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT, AS AMENDED<sup>1</sup>

To enable the Secretary of Agriculture to carry into effect the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936 (Public, No. 461, 74th Congress), including the employment of personal services and rent in the District of Columbia and elsewhere, printing and binding, purchase of law books, books of reference, periodicals and newspapers, and other necessary expenses, \$440,000,000, together with not to exceed \$30,000,000 of the funds made available under the head "Payments for Agricultural Adjustment" in the Supplemental Appropriation Act, fiscal year 1936, approved February 11, 1936 (Public, No. 440, 74th Congress), to be immediately available and to remain available until June 30, 1938, for compliances under said Act in the calendar year 1936: *Provided*, That no part of such amount shall be available after June 30, 1937, for salaries and other administrative expenses except for payment of obligations therefor incurred prior to July 1, 1937: *Provided further*, That the Secretary of Agriculture may, in his discretion, from time to time transfer to the General Accounting Office such sums as may be necessary to pay administrative expenses of the General Accounting Office in auditing payments under this item.<sup>2</sup>

#### FISCAL YEAR 1938

#### SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT, AS AMENDED<sup>3</sup>

To enable the Secretary of Agriculture to carry into effect the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936 (U. S. C.,

<sup>1</sup> Sec. 2 of the Independent Offices Appropriation Act, 1937, approved March 19, 1936, 49 Stat. 1167.

<sup>2</sup> Sec. 7 (c) of Title IV of the First Deficiency Appropriation Act, fiscal year 1936, provided as follows: "The appropriation made by section 2 of the Independent Offices Appropriation Act, 1937, for carrying out sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act is hereby made available to the Department of Agriculture for the purposes of carrying out such Act with respect to land devoted to growing trees for the production of gum turpentine and gum rosin."

The item entitled "Conservation and Use of Agricultural Land Resources, Department of Agriculture" contained in the Department of Agriculture Appropriation Act, 1938, provides in part as follows: "That not to exceed \$5,000,000 of the funds appropriated under section 2 of the Independent Offices Appropriation Act, 1937 is hereby made available, subject to the limitations prescribed therein, for compliances in the calendar year 1937 under the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, but obligations incurred hereunder with respect to such compliances shall not be included in applying the limitations on the amount of obligations which may be incurred for any calendar year contained in section 16 of said Soil Conservation and Domestic Allotment Act."

<sup>3</sup> Item entitled "Conservation and Use of Agricultural Land Resources, Department of Agriculture," contained in the Department of Agriculture Appropriation Act, 1938, approved June 29, 1937, 50 Stat. 395.



Supp. II, title 16, secs. 590g-590q), including the employment of personal services and rent in the District of Columbia and elsewhere; printing and binding; purchase of law books, books of reference, periodicals, and newspapers; and other necessary expenses, \$340,000,000, together with not to exceed \$110,000,000 of the funds made available for the fiscal years 1937 and 1938 by section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (U. S. C., Supp. II, title 7, sec. 612c): *Provided*, That the unobligated funds made available for the fiscal year 1937 be first transferred, and not to exceed \$50,000,000 of the unexpended balance of the appropriation of \$100,000,000 provided under section 12 (a), title I, of the Agricultural Adjustment Act of May 12, 1933 (U. S. C., Supp. II, Title 7, sec. 612), in all, not to exceed \$500,000,000, to remain available until June 30, 1939, for compliances under said Act of February 29, 1936, pursuant to the provisions of the 1937 programs carried out during the period November 1, 1936, to December 31, 1937, inclusive: *Provided*, That no part of such amount shall be available after June 30, 1938, for salaries and other administrative expenses except for payment of obligations therefor incurred prior to July 1, 1938: *Provided further*, That such amount shall be available for salaries and other administrative expenses in connection with the formulation and administration of the 1938 programs or plans now or hereafter authorized under section 7 or 8, or both, of said Act: *Provided further*, That the Secretary of Agriculture may, in his discretion, from time to time transfer to the General Accounting Office such sums as may be necessary to pay administrative expenses of the General Accounting Office in auditing payments under this item: *Provided further*, That such amount shall be available for the purchase of seeds, fertilizers, or any other farming materials and making grants thereof to agricultural producers to aid them in carrying out farming practices approved by the Secretary of Agriculture in the 1937 programs, for the reimbursement of the Tennessee Valley Authority for fertilizers heretofore or hereafter furnished by it to the Secretary of Agriculture for such purpose, and for the payment of all expenses necessary in making such grants including all or part of the costs incident to the delivery thereof: *Provided further*, That not to exceed \$5,000,000 of the funds appropriated under section 2 of the "Independent Offices Appropriation Act, 1937" is hereby made available subject to the limitations prescribed therein, for compliances in the calendar year 1937 under the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, but obligations incurred hereunder with respect to such compliances shall not be included in applying the limitations on the amount of obligations which may be incurred for any calendar year contained in section 16 of said Soil Conservation and Domestic Allotment Act: *And provided further*, That the funds provided by section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (U. S. C., Supp. II, title 7, sec. 612c), shall be available during the fiscal year 1938 for administrative expenses in such sums as the President may direct in carrying out the provisions of said section, including the employment of persons

and means in the District of Columbia and elsewhere, in accordance with the provisions of law applicable to the employment of persons and means by Agricultural Adjustment Administration.

The provision in the item entitled "Conservation and Use of Agricultural Land Resources, Department of Agriculture", contained in the Department of Agriculture Appropriation Act, fiscal year 1938, making funds available under this head for "the purchase of seeds, fertilizers, or any other farming materials and making grants thereof to agricultural producers to aid them in carrying out farming practices approved by the Secretary of Agriculture in the 1937 programs, for the reimbursement of the Tennessee Valley Authority for fertilizers heretofore or hereafter furnished by it to the Secretary of Agriculture for such purposes, and for the payment of all expenses necessary in making such grants including all or part of the costs incident to the delivery thereof", is hereby made applicable also to the 1938 programs under the Soil Conservation and Domestic Allotment Act of February 29, 1936 (50 Stat. 430-431).<sup>4</sup>

AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED, AND FEDERAL CROP INSURANCE ACT, AS AMENDED<sup>5</sup>

For the administration of the Agricultural Adjustment Act of 1938 (including the provisions of title 5 thereof) during the fiscal year ending June 30, 1938, there is hereby appropriated out of the unexpended balance of the funds appropriated for such fiscal year for carrying out the purposes of the Soil Conservation and Domestic Allotment Act, as amended, not to exceed the sum of \$5,000,000, as authorized by subsection (b) of section 391 of such Agricultural Adjustment Act of 1938.

SUGAR ACT OF 1937

To enable the Secretary of Agriculture to carry into effect the provisions of the Sugar Act of 1937, fiscal year 1938, \$250,000: *Provided*. That such sum shall become available when such Act becomes a law.<sup>6</sup>

That for an additional amount to enable the Secretary of Agriculture to carry into effect the provisions, other than those specifically relating to the Philippine Islands, of the Sugar Act of 1937, approved September 1, 1937 (50 Stat. 903-916), including printing and binding, and the employment of persons and means in the District of Columbia and elsewhere, as authorized by such Act, there is hereby appropriated for the fiscal year ending June 30, 1938, out of any money in the Treasury not otherwise appropriated, the sum of \$39,750,000: *Provided*, That from this appropriation and the appropriation of \$250,000 for this purpose in the Third Deficiency Appropriation Act, fiscal year 1937, there shall not be obligated during the fiscal year 1938 for the following respective purposes sums in excess of the following amounts: For personal services in the Department of Agriculture in the District of Columbia, \$115,000; for personal serv-

<sup>4</sup> Item entitled "Conservation and Use of Agricultural Land Resources, Department of Agriculture", contained in Third Deficiency Appropriation Act, fiscal year 1937, approved August 25, 1937, 50 Stat. 755.

<sup>5</sup> Sec. 2 of Public Res. No. 81, 75th Cong., approved March 2, 1938. See Sec. 391 (b) of the Agricultural Adjustment Act of 1938, page 58.

<sup>6</sup> Item entitled "The Sugar Act of 1937", contained in the Third Deficiency Appropriation Act, fiscal year 1937, approved August 25, 1937, 50 Stat. 755.

ices in the Department of Agriculture in the field, \$350,000; for miscellaneous administrative expenses (other than personal services) in the Department of Agriculture in the District of Columbia and in the field, \$160,000; and for transfer of funds to the Office of Treasurer of the United States, Division of Disbursement (Treasury Department), and the General Accounting Office, \$25,000; but the limitations set forth in this proviso shall not include expenses of local committees under the provisions of section 305 of such Act.<sup>7</sup>

#### FISCAL YEAR 1939

##### SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT, AS AMENDED, AND AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED <sup>8</sup>

To enable the Secretary of Agriculture to carry into effect the provision of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936 (16 U. S. C. 590g-590q), and the provisions of the Agricultural Adjustment Act of 1938 (except the making of payments pursuant to sections 303 and 381 and the provisions of titles IV and V), including the employment of persons and means in the District of Columbia and elsewhere; rent in the District of Columbia; printing and binding; purchase of law books, books of reference, periodicals, and newspapers, \$345,000,000, together with not to exceed \$155,000,000 of the unexpended balance of the appropriations made by the Supplemental Appropriation Act, fiscal year 1936, under the head "Payments for Agricultural Adjustment" (49 Stat. 1116), by section 12 (a), title I, of the Agricultural Adjustment Act of May 12, 1933 (7 U. S. C. 612), and by section 2 of the Independent Offices Appropriation Act, 1937, approved March 19, 1936 (49 Stat. 1183), in all, not to exceed \$500,000,000, to remain available until June 30, 1940, for compliances under said Act of February 29, 1936, as amended, pursuant to the provisions of the 1938 programs carried out during the period November 1, 1937, to December 31, 1938, inclusive: *Provided*, That no part of such amount shall be available for carrying out the provisions of section 202 (f) of the Agricultural Adjustment Act of 1938, and not to exceed \$100,000 shall be available under the provisions of section 202 (a) to 202 (e), inclusive, of said Act to conduct a survey to determine the location of said laboratories and the scope of the investigations to be made and to coordinate the research work now being carried on: *Provided further*, That no part of such amount shall be available after June 30, 1939, for salaries and other administrative expenses except for payment of obligations therefor incurred prior to July 1, 1939: *Provided further*, That such amount shall be available for salaries and other administrative expenses in connection with the formulation and administration of the 1939 programs or plans now or hereafter authorized under section 7 or 8, or both, of said Act of February 29, 1936, or under said provisions of the Agricultural Adjustment Act of 1938: *Provided further*, That the Secretary of Agriculture may, in his discretion, from time to time transfer to the General Accounting Office such sums as may be necessary to

<sup>7</sup> Public Res. 78, 75th Congress, approved February 4, 1938, 52 Stat. 27.

<sup>8</sup> Item entitled "Conservation and Use of Agricultural Land Resources, Department of Agriculture", contained in the Department of Agriculture Appropriation Act, 1939, approved June 16, 1938, 52 Stat. 710.



pay administrative expenses of the General Accounting Office in auditing payments under this item: *Provided further*, That such amount shall be available for the purchase of seeds, fertilizers, lime, trees, or any other farming materials and making grants thereof to agricultural producers to aid them in carrying out farming practices approved by the Secretary of Agriculture in the 1938 and 1939 programs under said Act of February 29, 1936, as amended; for the reimbursement of the Tennessee Valley Authority or any other Government agency for fertilizers, seeds, lime, trees, or other farming materials furnished by such agency; and for the payment of all expenses necessary in making such grants including all or part of the costs incident to the delivery thereof: *And provided further*, That the funds provided by section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (7 U. S. C. 612c), shall be available during the fiscal year 1939 for administrative expenses, in accordance with the provisions of section 392 of the Agricultural Adjustment Act of 1938, in carrying out the provisions of said section, including the employment of persons and means in the District of Columbia and elsewhere, in accordance with the provisions of law applicable to the employment of persons and means by Agricultural Adjustment Administration: *And provided further*, That in carrying out the provisions of the Third Deficiency Appropriation Act, fiscal year 1937, and section 381 (a) of the Agricultural Adjustment Act of 1938, as amended, relating to cotton price adjustment payments with respect to the 1937 cotton crop, in order to accelerate such payments the Secretary shall, notwithstanding said provisions, (1) treat all cotton not sold prior to September 10, 1937, as if it had been sold on a date when the average price of seven-eighths-inch Middling cotton on the ten designated spot cotton markets was less than 9 cents per pound; (2) make payment on the basis of applications filed prior or subsequent to July 16, 1938, on forms prescribed by the Secretary, by the 1937 operator or other person designated pursuant to regulations prescribed by the Secretary on behalf of all the producers on the farm in 1937 or by individual producers, provided that (a) payment will not be made to the 1938 operator of the farm unless he certifies that he has complied thereon with the requirements defined in said section 381 (a), which certificate shall be taken to certify to such compliance on the part of all producers on the farm in 1938 who produced cotton in 1937, (b) payment shall not be delivered to any operator or producer until he has agreed in writing to refund the payment forthwith upon demand in case it is subsequently found that he has failed to comply with the requirements as defined herein and in said section 381 (a), (c) in cases where cotton was produced in 1937 on two or more producer units on the farm it shall be assumed that the production thereon was uniform, and (d) it shall be assumed that there was a total or partial crop failure resulting from hail, drought, flood, or boll-weevil infestation (which is defined to include any other insect or fungus) only if the yield in 1937 is below the base yield for the farm and in such case the total production shall be considered to be the normal yield for the farm multiplied by the number of acres planted to cotton in 1937; and (3) make payments, as soon as practicable, on the basis of his estimate of the amounts

which will be covered by the applications to be filed and of the funds to be used out of the appropriation for the necessary administrative expenses of making the cotton price adjustment payments: *And provided further*, That in administering the naval stores conservation programs authorized in section 8 of the Soil Conservation and Domestic Allotment Act and in making payments thereunder to gum naval stores producers the Secretary may utilize the services of regional associations of such producers or any agency of the Government in lieu of the State, county, and other local committees utilized in the other agricultural conservation programs if he finds that more efficient administration will result, and the provisions of section 388 (b) of the Agricultural Adjustment Act of 1938 shall otherwise be applicable to the administration of said naval stores conservation programs.

#### RETIREMENT OF COTTON POOL PARTICIPATION TRUST CERTIFICATES<sup>9</sup>

To enable the Secretary of Agriculture to carry into effect the provisions of title IV of the Agricultural Adjustment Act of 1938, approved February 16, 1938, fiscal year 1938, to remain available until June 30, 1939, \$1,800,000: *Provided*, That the Secretary of Agriculture may, in his discretion, from time to time transfer to the General Accounting Office such sums as may be necessary to pay administrative expenses of the General Accounting Office in auditing payments under this title: *Provided further*, That the authority of the manager, cotton pool, to purchase and pay for participation trust certificates, Form C-5-I, shall extend to and include the 31st day of December 1938 but after the expiration of said limit, the purchase may be consummated of any such certificates tendered to the manager, cotton pool, on or before December 31, 1938, but where for any reason the purchase price shall not have been paid by the manager, cotton pool: *Provided further*, That the date May 1, 1938, appearing in title IV of the Agricultural Adjustment Act of 1938, as amended, shall not be applicable: *Provided further*, That in case any person who is entitled to payment on a participation trust certificate, Form C-5-I, dies, becomes incompetent, or disappears before receiving such payment or before application for such payment is executed, the Secretary of Agriculture shall provide by regulations, without regard to any other provisions of law, for such payment to such person as he may determine to be fairly and reasonably entitled thereto.

#### PRICE ADJUSTMENT ACT OF 1938<sup>10</sup>

SEC. 501. There is hereby appropriated out of any money in the Treasury not otherwise appropriated, to be available until expended, the sum of \$212,000,000 to enable the Secretary of Agriculture to make parity payments to producers of wheat, cotton, corn (in the commercial corn-producing area), rice, and tobacco pursuant to the provisions of section 303 of the Agricultural Adjustment Act of 1938: *Provided, however*, That, notwithstanding the provisions of said section, one-half

<sup>9</sup> The item entitled "Retirement of Cotton Pool Participation Trust Certificates" contained in the Department of Agriculture Appropriation Act, 1939, approved June 16, 1938, 52 Stat. 710.

<sup>10</sup> The "Price Adjustment Act of 1938" is Title V of Public Res. No. 122, 75th Cong., approved June 21, 1938, 52 Stat. 819.

of this sum shall be apportioned among such commodities in accordance with the provisions of said section 303 of the Agricultural Adjustment Act of 1938 and one-half shall be apportioned among such commodities in the same proportion that funds available for sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act would be allocated to such commodities in connection with the 1939 agricultural conservation program on the basis of the standards set forth in section 104 of the Agricultural Adjustment Act of 1938: *Provided further*, That such payments with respect to any such commodity shall be made upon the normal yield of the farm acreage allotment established for the commodity under the 1939 agricultural conservation program, and shall be made with respect to a farm only in the event that the acreage planted to the commodity for harvest on the farm in 1939 is not in excess of the farm acreage allotment established for the commodity under said program: *And provided further*, That the rate of payment with respect to any commodity shall not exceed the amount by which the average farm price of the commodity is less than 75 per centum of the parity price.

In apportioning the funds among commodities, parity income for each commodity shall be considered a normal year's domestic consumption and exports (in the case of corn, that part of a normal year's domestic consumption and exports determined on the basis of the proportion that corn production in the commercial corn-producing area was of United States production during the five years 1928-32, inclusive) of such commodity times the parity price. In determining parity prices and farm prices for these commodities, that part of the marketing year ending January 31, 1939, shall be used. In case any person who is entitled to payment hereunder dies, becomes incompetent or disappears before receiving such payment or is succeeded by another who renders or completes the required performance, payment shall, without regard to any other provisions of law, be made as the Secretary of Agriculture may determine to be fair and reasonable in all the circumstances and provide by regulations. The administration of this title shall be in accordance with the provisions of the Agricultural Adjustment Act of 1938 and the provisions of other titles of this joint resolution shall not apply to this title.

This title may be cited as the "Price Adjustment Act of 1938".<sup>11</sup>

#### AGRICULTURAL ADJUSTMENT EXHIBITS<sup>12</sup>

In carrying into effect the provisions of the Soil Conservation and Domestic Allotment Act, as amended, and the Agricultural Adjustment Act of 1938, as amended, the Secretary of Agriculture is authorized to expend out of the appropriations available to carry into effect the provisions of said Acts, during the fiscal years 1938 and 1939, not to exceed \$50,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States.

<sup>11</sup> Section 502 of the Price Adjustment Act of 1938 is omitted in this compilation since that section only contains amendments to section 302 of the Agricultural Adjustment Act of 1938. These amendments are shown in the Compilation of the Agricultural Adjustment Act of 1938, as amended, *supra*, page 22.

<sup>12</sup> The item entitled "Conservation and Use of Agricultural Land Resources, Department of Agriculture", contained in the Second Deficiency Appropriation Act, fiscal year 1938, approved June 25, 1938, 52 Stat. 1114.



FEDERAL CROP INSURANCE ACT, AS AMENDED<sup>13</sup>

Administrative and operating expenses: Not to exceed \$5,500,000 of the unobligated balance of the appropriation made in the Department of Agriculture Appropriation Act, 1938, under the heading "Conservation and Use of Agricultural Land Resources, Department of Agriculture", is hereby made available for operating and administrative expenses under the Federal Crop Insurance Act (title V, Agricultural Adjustment Act of 1938), approved February 16, 1938, during the fiscal year ending June 30, 1939, to be allotted by the Secretary of Agriculture (a) to the Federal Crop Insurance Corporation, as authorized by section 516 (a) of such Act, and (b) to bureaus and offices of the Department of Agriculture or for transfer to other agencies of State and Federal Governments, as authorized by section 507 (d) of such Act; and such part as the Secretary allots under clause (b) hereof, shall be available for the employment of persons and means in the District of Columbia and elsewhere, rent in the District of Columbia, printing and binding, purchase of law books, books of reference, periodicals, and newspapers.

Subscriptions to capital stock, Federal Crop Insurance Corporation: Not to exceed \$20,000,000 of the unobligated balance of the appropriation made in the Department of Agriculture Appropriation Act, 1938, approved June 29, 1937, under the head "Conservation and Use of Agricultural Land Resources, Department of Agriculture", is hereby made available for use by the Secretary of the Treasury during the fiscal year 1939, at such times and in such amounts as the Secretary of Agriculture may request, for the purpose of subscribing to and paying for the capital stock of the Federal Crop Insurance Corporation of the United States of America, as provided for in section 504 of the Federal Crop Insurance Act, approved February 16, 1938. The payment for said stock by the Secretary of the Treasury shall, with the approval of the Secretary of Agriculture, be subject to call in whole or in part by the Board of Directors of the Federal Crop Insurance Corporation, and shall be effected by transfer of funds on the books of the Treasury Department to the credit of the corporation, the funds so transferred to be subject to requisition by the corporation with the approval of the Secretary of Agriculture.

## SUGAR ACT OF 1937

To enable the Secretary of Agriculture to carry into effect the provisions, other than those specifically relating to the Philippine Islands, of the Sugar Act of 1937, approved September 1, 1937 (7 U. S. C. 1100-1183), including printing and binding, and the employment of persons and means, in the District of Columbia and elsewhere, as authorized by said Act, \$48,000,000.<sup>14</sup>

For an additional amount to enable the Secretary of Agriculture to carry into effect the provisions other than those specifically relating to the Philippine Islands, of the Sugar Act of 1937, approved September 1, 1937 (7 U. S. C. 1100-1183), fiscal year 1939, including the same

<sup>13</sup> The item entitled "Federal Crop Insurance Act" contained in the Department of Agriculture Appropriation Act, 1939, approved June 16, 1938, 52 Stat. 747.

<sup>14</sup> Public. No. 644, 75th Cong., approved June 16, 1938, Department of Agriculture Appropriation Act, 1939, 52 Stat. 747.

objects specified under this head in the Department of Agriculture Appropriation Act, 1939, \$5,000,000, together with \$1,500,000 of the unobligated balance of the appropriation provided under this head by the joint resolution approved February 4, 1938 (52 Stat. 27); in all, not to exceed \$6,500,000.<sup>15</sup>

# FISCAL YEAR 1940

## SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT, AS AMENDED, AND AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED <sup>16</sup>

To enable the Secretary of Agriculture to carry into effect the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936 (16 U. S. C. 590g-590q), and the provisions of the Agricultural Adjustment Act of 1938 (52 Stat. 31-70) (except the making of payments pursuant to sections 303 and 381 and the provisions of titles IV and V), including the employment of persons and means in the District of Columbia and elsewhere; rent in the District of Columbia; not to exceed \$50,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States; purchase of law books, books of reference, periodicals, and newspapers, \$429,560,000, together with not to exceed \$70,000,000 of the unobligated balance of the appropriation made under this head by the Department of Agriculture Appropriation Act for the fiscal year 1938, in all, not to exceed \$499,560,000, to remain available until June 30, 1941, for compliances under said Act of February 29, 1936, as amended, pursuant to the provisions of the 1939 programs carried out during the period October 1, 1938, to December 31, 1939, inclusive: *Provided*, That no part of such amount shall be available for carrying out the provisions of section 202 (f) of the Agricultural Adjustment Act of 1938, and not to exceed \$3,200,000 shall be available under the provisions of section 202 (a) to 202 (e), inclusive, of said Act, including research on food products of farm commodities: *Provided further*, That no part of such amount shall be available after June 30, 1940, for salaries and other administrative expenses except for payment of obligations therefor incurred prior to July 1, 1940: *Provided further*, That such amount shall be available for salaries and other administrative expenses in connection with the formulation and administration of the 1940 programs or plans now or hereafter authorized under section 7 or 8, or both, of said Act of February 29, 1936, or under said provisions of the Agricultural Adjustment Act of 1938: *Provided further*, That the Secretary of Agriculture may, in his discretion, from time to time transfer to the General Accounting Office such sums as may be necessary to pay administrative expenses of the General Accounting Office in auditing payments under this item: *Provided further*, That such amount shall be available for the purchase of seeds, fertilizers, lime, trees, or any other farming materials and making grants thereof to agricultural producers to

<sup>15</sup> Public. No. 61, 76th Cong., approved May 2, 1939, Second Deficiency Appropriation Act, fiscal year 1939, 53 Stat. 626.

<sup>16</sup> Item entitled "Conservation and Use of Agricultural Land Resources, Department of Agriculture", Department of Agriculture Appropriation Act, 1940, Public. No. 159, 76th Cong., approved June 30, 1939, 53 Stat. 939.

aid them in carrying out farming practices approved by the Secretary of Agriculture in the 1939 and 1940 programs under said Act of February 29, 1936, as amended; for the reimbursement of the Tennessee Valley Authority or any other Government agency for fertilizers, seeds, lime, trees, or other farming materials furnished by such agency; and for the payment of all expenses necessary in making such grants including all or part of the costs incident to the delivery thereof: *And provided further*, That the funds provided by section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act and for other purposes", approved August 24, 1935 (7 U. S. C. 612c), shall be available during the fiscal year 1940 for administrative expenses, in accordance with the provisions of section 392 of the Agricultural Adjustment Act of 1938, in carrying out the provisions of said section 32, including the employment of persons and means in the District of Columbia and elsewhere, in accordance with the provisions of law applicable to the employment of persons and means by the Agricultural Adjustment Administration.<sup>17</sup>

#### PARITY PAYMENTS<sup>18</sup>

To enable the Secretary of Agriculture to make parity payments to producers of wheat, cotton, corn (in the commercial corn-producing area), rice, and tobacco pursuant to the provisions of section 303 of the Agricultural Adjustment Act of 1938, \$225,000,000: *Provided, however*, That in expending the appropriation in this paragraph the rate of payment with respect to any commodity shall not exceed the amount by which the average farm price of the commodity is less than 75 per centum of the parity price: *Provided further*, That such payments with respect to any such commodity shall be made with respect to a farm only in the event that the acreage planted to the commodity for harvest on the farm in 1940 is not in excess of the farm acreage allotment established for the commodity under the agricultural conservation program.

#### FEDERAL CROP INSURANCE ACT<sup>19</sup>

Administrative and operating expenses: For operating and administrative expenses under the Federal Crop Insurance Act (52 Stat. 72-77), approved February 16, 1938, \$5,423,200, together with a reappropriation of not to exceed \$500,000 of the unexpended balance of the funds available for this purpose for the fiscal year 1939, to be allotted by the Secretary of Agriculture (a) to the Federal Crop Insurance Corporation, as authorized by section 516 (a) of such Act, and (b) to

<sup>17</sup> Under the title "Printing and Binding" (p. 4, Public, No. 159, *supra*, note 16): "For all printing and binding for the Department of Agriculture \* \* \* \$1,609,570 \* \* \* *Provided*, That the Secretary of Agriculture may transfer to this appropriation from the appropriation made for 'Conservation and Use of Agricultural Land Resources' such sums as may be necessary for printing and binding in connection with marketing quotas under the Agricultural Adjustment Act of 1938, and from funds appropriated to carry into effect the terms of section 32 of the Act of August 24, 1935 (7 U. S. C. 612c), as amended, such sums as may be necessary for printing and binding in connection with the activities under said section 32, and from funds appropriated for parity payments under section 303 of the Agricultural Adjustment Act of 1938, such sums as may be necessary for printing and binding in connection with such payments: *Provided further*, That the total amount that may be transferred under the authority granted in the preceding proviso shall not exceed \$600,000."

<sup>18</sup> Item entitled "Parity Payments", Department of Agriculture Appropriation Act, 1940, Public, No. 159, 76th Cong., approved June 30, 1939, 53 Stat. 939.

<sup>19</sup> Item entitled "Federal Crop Insurance Act", Department of Agriculture Appropriation Act, 1940, Public, No. 159, 76th Cong., approved June 30, 1939, 53 Stat. 939.



bureaus and offices of the Department of Agriculture or for transfer to other agencies of State and Federal Governments, as authorized by section 507 (d) of such Act; and such part as the Secretary allots under clause (b) hereof shall be available for the employment of persons and means in the District of Columbia and elsewhere, rent in the District of Columbia, purchase of law books, books of reference, periodicals, and newspapers.

#### THE SUGAR ACT OF 1937<sup>20</sup>

To enable the Secretary of Agriculture to carry into effect the provisions, other than those specifically relating to the Philippine Islands, of the Sugar Act of 1937, approved September 1, 1937 (7 U. S. C. 1100-1183), and the employment of persons and means, in the District of Columbia and elsewhere, as authorized by said Act, \$31,975,000 together with \$16,000,000 of the unobligated balance of the appropriation provided under this head by the joint resolution approved February 4, 1938 (52 Stat. 27) ; in all, not to exceed \$47,975,000.

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<sup>20</sup> Item entitled "The Sugar Act of 1937", Department of Agriculture Appropriation Act, 1940, Public, No. 159, 76th Cong., approved June 30, 1939, 53 Stat. 939.

## PART VI

### MISCELLANEOUS LAWS

#### SECTION 22—IMPORTS <sup>1</sup>

(a) Whenever the President has reason to believe that any one or more articles are being imported into the United States under such conditions and in sufficient quantities as to render or tend to render ineffective or materially interfere with any program or operation undertaken, or to reduce substantially the amount of any product processed in the United States from any commodity subject to and with respect to which *any* <sup>2</sup> program is in operation under this title *or the Soil Conservation and Domestic Allotment Act, as amended*,<sup>3</sup> he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties and shall be conducted subject to such regulations as the President shall specify.

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such limitations on the total quantities of any article or articles which may be imported as he finds and declares shown by such investigation to be necessary to prescribe in order that the entry of such article or articles will not render or tend to render ineffective or materially interfere with any program or operation undertaken, or will not reduce substantially the amount of any product processed in the United States from any commodity subject to and with respect to which *any* <sup>4</sup> program is in operation, under this title *or the Soil Conservation and Domestic Allotment Act, as amended*.<sup>5</sup> *Provided*, That no limitation shall be imposed on the total quantity of any article which may be imported from any country which reduces such permissible total quantity to less than 50 per centum of the average annual quantity of such article which was imported from such country during the period from July 1, 1928, to June 30, 1933, both dates inclusive.

(c) No import restriction proclaimed by the President under this section nor any revocation, suspension, or modification thereof shall become effective until fifteen days after the date of such proclamation, revocation, suspension, or modification.

(d) Any decision of the President as to facts under this section shall be final.

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<sup>1</sup> Public, No. 320, 74th Cong., approved August 24, 1935, 49 Stat. 750, Title 7 U. S. C., sec. 624.

<sup>2</sup> Italicized word added in lieu of "an adjustment" by Public, No. 461, 74th Cong., approved February 29, 1936, 49 Stat. 1148, Title 16 U. S. C., sec. 590g.

<sup>3</sup> Italicized words added by Public, No. 461, cited in footnote 2, above.

<sup>4</sup> Same as footnote 2.

<sup>5</sup> Same as footnote 3.

(e) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended by the President whenever he finds that the circumstances requiring the proclamation or provision thereof no longer exist, or may be modified by the President whenever he finds that changed circumstances require such modification to carry out the purposes of this section.

#### SECTION 32<sup>a</sup>

There is hereby appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, an amount equal to 30 per centum of the gross receipts from duties collected under the customs laws during the period January 1, to December 31, both inclusive, preceding the beginning of each such fiscal year. Such sums shall be maintained in a separate fund and shall be used by the Secretary of Agriculture only to (1) encourage the exportation of agricultural commodities and products thereof by the payment of benefits in connection with the exportation thereof, or of indemnities for losses incurred in connection with such exportation, or by payments to producers in connection with the production of that part of any agricultural commodity required for domestic consumption; (2) encourage the domestic consumption of such commodities or products by diverting them, by the payment of benefits or indemnities or by other means, from the normal channels of trade and commerce, *or by increasing their utilization through benefits, indemnities, donations or by other means, among persons in low income groups as determined by the Secretary of Agriculture;*<sup>7</sup> and (3) reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption. *Determinations by the Secretary as to what constitutes diversion, and what constitutes normal channels of trade and commerce, and what constitutes normal production for domestic consumption shall be final. The sums appropriated under this section shall be expended for such one or more of the above-specified purposes, and at such times and in such manner and in such amounts as the Secretary of Agriculture finds will effectuate substantial accomplishment of any one or more of the purposes of this section.*<sup>8</sup> *Notwithstanding any other provision of this section, the amount that may be devoted, during any fiscal year after June 30, 1939, to any one agricultural commodity or the products thereof in such fiscal year, shall not exceed 25 per centum of the funds available under this section for such fiscal year.*<sup>9</sup>

<sup>a</sup> Public, No. 320, 74th Cong., approved August 24, 1935, 49 Stat. 750, Title 7 U. S. C., sec. 612c.

<sup>7</sup> The matter in italics was added by Public, No. 159, 76th Cong., approved June 30, 1939, 53 Stat. 939.

<sup>8</sup> The matter in italics was added by Sec. 2, Public, No. 461, 74th Cong., approved February 29, 1936, 49 Stat. 1148, Title 7 U. S. C., sec. 612c. This act deleted from Section 32 the following language: "(3) finance adjustments in the quantity planted or produced for market of agricultural commodities. The amounts appropriated under this section shall be expended for such of the above-specified purposes, and at such times, in such manner, and in such amounts as the Secretary of Agriculture finds will tend to increase the exportation of agricultural commodities and products thereof, and increase the domestic consumption of agricultural commodities and products thereof: *Provided*, That no part of the funds appropriated by this section shall be expended pursuant to clause (3) hereof unless the Secretary of Agriculture determines that the expenditure of such part pursuant to clauses (1) and (2) is not necessary to effectuate the purposes of this section."

<sup>9</sup> The matter in italics was added by Sec. 203 of the Agricultural Adjustment Act of 1938. Sec. 203 deleted from Section 32 the following language: "*Provided further*, That no part of the funds appropriated by this section shall be used for the payment of benefits in connection with the exportation of unmanufactured cotton."



PURCHASE AND DISTRIBUTION OF SURPLUS AGRICULTURAL COMMODITIES<sup>10</sup>

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in carrying out the provisions of clause (2) of section 32 of the act approved August 24, 1935 (49 Stat. 774), as amended, the Secretary of Agriculture may transfer to the Federal Surplus Commodities Corporation, which Corporation is hereby continued until June 30, 1942,<sup>11</sup> as an agency of the United States under the direction of the Secretary of Agriculture, such funds, appropriated by section 32, as may be necessary for the purpose of effectuating said clause (2) of section 32: *Provided*, That such transferred funds, together with other funds of the Corporation, may be used for purchasing, exchanging, processing, distributing, disposing, transporting, storing, and handling of agricultural commodities and products thereof, and inspection cost, commissions, and other incidental costs and expenses, without regard to the provisions of existing law governing the expenditure of public funds, and for administrative expenses, including rent, printing and binding, and the employment of persons and means, in the District of Columbia and elsewhere, such employment of persons to be in accordance with the provisions of law applicable to the employment of persons by the Agricultural Adjustment Administration.*

In carrying out clause (2) of section 32, the funds appropriated by said section may be used for the purchase, without regard to the provisions of existing law, covering the expenditure of public funds, of agricultural commodities and products thereof, and such commodities, as well as agricultural commodities and products thereof, purchased under the preceding paragraph hereof may be donated for relief purposes.

ADMINISTRATIVE EXPENSES<sup>12</sup>

That the funds provided by section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (7 U. S. C. 612c), shall be available during the fiscal year 1939 for administrative expenses, in accordance with the provisions of section 392 of the Agricultural Adjustment Act of 1938, in carrying out the provisions of said section, including the employment of persons and means in the District of Columbia and elsewhere, in accordance with the provisions of law applicable to the employment of persons and means by Agricultural Adjustment Administration:

ADDITIONAL FUNDS FOR PURPOSES OF SECTION 32<sup>13</sup>

To enable the Secretary of Agriculture to further carry out the provisions of section 32, as amended, of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved

<sup>10</sup> Public, No. 165, 75th Cong., approved June 28, 1937, 50 Stat. 323, Title 7 U. S. C., sec. 612c note.

<sup>11</sup> Inserted in lieu of "1939" by Section 204 of the Agricultural Adjustment Act of 1938.

<sup>12</sup> Department of Agriculture Appropriation Act, 1939, approved June 16, 1938, 52 Stat. 710.

<sup>13</sup> Item entitled "Disposal of Surplus Commodities" contained in Department of Agriculture Appropriation Act, 1940, Public, No. 159, 76th Cong., approved June 30, 1939, 153 Stat. 939.

August 24, 1935, and subject to all provisions of law relating to the expenditure of funds appropriated by such section, \$113,000,000. Such sum shall be immediately available and shall be in addition to, and not in substitution for, other appropriations made by such section or for the purpose of such section: *Provided*, That not in excess of 25 per centum of the funds herein made available may be devoted to any one agricultural commodity: *Provided further*, That of that part of the funds appropriated in this paragraph which may be allocated for expenditure in connection with cotton not less than 50 per centum shall be allocated for use in carrying out clause (3) of such section, or in carrying out clause (2) of such section, which clause (2) is hereby amended by inserting before the semicolon after "commerce" the following: "or by increasing their utilization through benefits, indemnities, donations or by other means, among persons in low income groups as determined by the Secretary of Agriculture."

#### DISTRIBUTION OF FISH PRODUCTS<sup>14</sup>

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That any part of the funds not to exceed \$1,500,000 per year, transferred by the Secretary of Agriculture to the Federal Surplus Commodities Corporation created under and to carry out the provisions of section 32 of the Act of August 24, 1935 (49 Stat. 774), as amended, may also be used by such Corporation for the purpose of diverting surplus fishery products (including fish, shellfish, mollusks, and crustacea) from the normal channels of trade and commerce by acquiring them and providing for their distribution through Federal, State, and private relief channels: *Provided*, That none of the funds made available to the Federal Surplus Commodities Corporation under this Act shall be used to purchase any of the commodities designated in this Act which may have been produced in any foreign country. The provisions of law relating to the acquisition of materials or supplies for the United States shall not apply to the acquisition of commodities under this Act.

SEC. 2. (a) From the fund authorized to be transferred by section 1 hereof, the Secretary of Agriculture is authorized to transfer to the Secretary of the Interior sums as follows to be maintained in a separate fund, \$75,000, which shall be used by the Secretary of the Interior to promote the free flow of domestically produced fishery products in commerce by conducting a fishery educational service; and \$100,000, which shall be used by the Secretary of the Interior to develop and increase markets for fishery products of domestic origin.

#### LIQUIDATION OF RENTAL AND BENEFIT PAYMENT PROGRAMS<sup>15</sup>

Payments for Agricultural Adjustment: To enable the Secretary of Agriculture to meet all obligations and commitments (including salaries and administrative expenses) heretofore incurred under the provisions of the Agricultural Adjustment Act, as amended, or regulations

<sup>14</sup> Public, No. 393, 76th Cong., approved August 11, 1939, 53 Stat. 1411, Title — U. S. C., sec. —

<sup>15</sup> Item entitled "Miscellaneous", contained in Public, No. 440, 74th Cong., approved February 11, 1936, 49 Stat. 1116.

heretofore issued thereunder, except refunds pursuant to section 21 (d) of that Act, an additional amount of \$296,185,000, together with a sum not exceeding \$700,000, equal in amount to the unexpended balances of the funds heretofore established by the President under authority of section 15 (f) of the Agricultural Adjustment Act, as amended, and directed by the Secretary of Agriculture, with the approval of the President, to be spent for the benefit of agriculture in Puerto Rico and Hawaii, said sums to remain available until expended. The expenditures authorized under this appropriation shall include rental and benefit payments, expenditures for rent and personal services in the District of Columbia and elsewhere, stenographic reporting services, supplies and equipment, past purchases and exchange of law books, books of reference, directories, periodicals, newspapers, traveling expenses, printing and binding in addition to allotments under existing law, and such other expenses as may be necessary for the accomplishment of the purposes of this appropriation. No part of the sums appropriated herein shall be used for rental or benefit payments in connection with adjustment contracts entered into on or after January 6, 1936, and as to those contracts entered into prior to January 6, 1936, no part of the sums appropriated herein shall be used for rental or benefit payments in connection with adjustment contracts unless there has been partial performance by the farmer: *Provided, That such funds shall be available for rental and benefit payments in an amount that the Secretary determines to be fair and equitable to farmers who have applied for contracts, and who prior to January 6, 1936, have in good faith made adjustments in acreage and otherwise substantially complied with the requirements of the Secretary of Agriculture in connection with a crop program, regardless of whether contracts have been signed; and the determination of the Secretary as to correct base acreage and production figures (regardless of the figures on which the contract was based), and as to the person or persons entitled to receive such fair and equitable payments shall be final and conclusive.*<sup>16</sup> Funds herein made available for administrative expenses shall be available for allotment to the bureaus and offices of the Department of Agriculture and for transfer to such other agencies of the Federal or State Governments as the Secretary of Agriculture may request to cooperate with or assist in the administration of the work under this appropriation or of the Agricultural Adjustment Act, as amended, including necessary investigative work.

#### RECONCENTRATION OF COTTON UNDER COMMODITY CREDIT CORPORATION LOAN<sup>17</sup>

That in the administration of section 383 (b) of the Agricultural Adjustment Act of 1938 the written consent of the producer or borrower to the reconcentration of any cotton held as security for any loan heretofore or hereafter made or arranged for by the Commodity Credit Corporation shall not be deemed to have been given unless such consent shall have been given in an instrument made solely for that

<sup>16</sup> The italicized matter was added by Public, No. 802, 74th Cong., approved June 25, 1936, 49 Stat. 1925.

<sup>17</sup> The act entitled "An Act Relating to the manner of securing written consent for the reconcentration of cotton under section 383 (b) of the Agricultural Adjustment Act of 1938", approved June 16, 1938.



purpose. Notwithstanding any provision of any loan agreement heretofore made, no cotton held under any such agreement as security for any such loan shall be moved from one warehouse to another unless the written consent of the producer or borrower shall have been obtained in a separate instrument given solely for that purpose, as required by this Act. The giving of written consent for the reconcentration of cotton shall not be made a condition upon the making of any loan hereafter made or arranged for by the Commodity Credit Corporation: *Provided, however,* That in cases where there is congestion and lack of storage facilities, and the local warehouse certifies such fact and requests the Commodity Credit Corporation to move the cotton for reconcentration to some other point, or when the Commodity Credit Corporation determines such loan cotton is improperly warehoused and subject to damage, or if uninsured, or if any of the terms of the loan agreement are violated, or if carrying charges are substantially in excess of the average of carrying charges available elsewhere, and the local warehouse, after notice, declines to reduce such charges, such written consent as provided in this amendment need not be obtained; and consent to movement under any of the conditions of this proviso may be required in future loan agreements.

#### INTERNATIONAL PRODUCTION CONTROL COMMITTEES

##### FISCAL YEAR 1938

The limitation in the amount which the Secretary of Agriculture may expend for the objects specified under this head in the Agricultural Appropriation Act for the fiscal year 1938, from the funds available to the Agricultural Adjustment Administration, is hereby increased from \$7,500 to \$10,000.<sup>18</sup>

##### FISCAL YEAR 1939

During the fiscal year 1939 the Secretary of Agriculture may expend not to exceed \$17,500 from the funds available to the Agricultural Adjustment Administration for the share of the United States as a member of the International Wheat Advisory Committee, the International Sugar Council, or like events or bodies concerned with the reduction of agricultural surpluses or with other objectives of the Agricultural Adjustment Administration, together with traveling and other necessary expenses relating thereto.<sup>19</sup>

The limitation in the amount which the Secretary of Agriculture may expend for the objects specified under this heading in the Department of Agriculture Appropriation Act, 1939, is hereby increased from \$17,500 to \$25,500, such additional amount to be payable from the appropriation for the fiscal year 1939 for carrying into effect the Sugar Act of 1937.<sup>20</sup>

<sup>18</sup> Excerpt from the Third Deficiency Appropriation Act, fiscal year 1937, Public, No. 354, 75th Cong., approved August 25, 1937, 50 Stat. 755.

<sup>19</sup> Excerpt from the Department of Agriculture Appropriation Act, 1939, approved June 16, 1938, 52 Stat. 710.

<sup>20</sup> Public, No. 61, 76th Cong., approved May 2, 1939, 53 Stat. 626.

## FISCAL YEAR 1940

During the fiscal year 1940 the Secretary of Agriculture may expend not to exceed \$17,500 from the funds available to the Agricultural Adjustment Administration for the share of the United States as a member of the International Wheat Advisory Committee, the International Sugar Council, or like events or bodies concerned with the reduction of agricultural surpluses or with other objectives of the Agricultural Adjustment Administration, together with traveling and other necessary expenses relating thereto.<sup>21</sup>

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<sup>21</sup> Department of Agriculture Appropriation Act, 1940, Public, No. 159, 76th Cong., approved June 30, 1939, 53 Stat. 939.

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